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Canada. Industrial Relations, Standing
Committee, 1946

(SESSION 1946
HOUSE OF COMMONS)

DEPT. OF POLITICAL SCIENCE
UNIVERSITY OF TORONTO

(STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS)

MINUTES OF PROCEEDINGS AND EVIDENCE

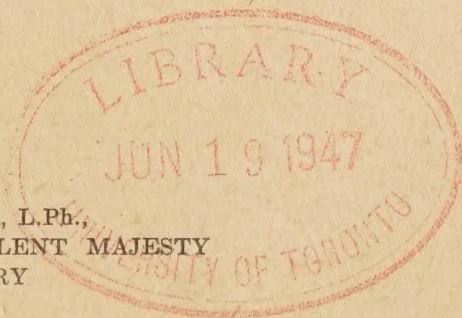
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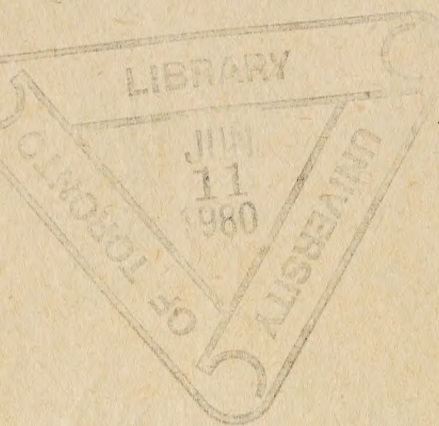
THURSDAY, AUGUST 1, 1946

WITNESS:

Mr. C. H. Millard, Canadian National Director, United Steel Workers
of America.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946





MINUTES OF PROCEEDINGS

THURSDAY, 1st August, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lapalme, Merritt, MacInnis, McIvor, Mitchell, Moore, Raymond (*Beauharnios-Laprairie*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

Mr. C. H. Millard was recalled. He read two prepared statements viz. "The Union's Plan for Settlement" and "Labour Sacrifices" and was examined thereon.

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m. this day.

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lapalme, Merritt, MacInnis, McIvor, Mitchell, Moore, Raymond (*Beauharnios-Laprairie*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

Mr. C. H. Millard was recalled and questioned.

The Committee adjourned at 5.30 p.m. until Friday, August 2, at 11.30 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
August 1, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 o'clock a.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: Order. I will ask Mr. Millard to resume the stand.

Mr. C. H. Millard, Canadian National Director, United Steel Workers of America, recalled.

The CHAIRMAN: Are you through with Mr. Millard's cross-examination?
Some hon. MEMBERS: No.

The CHAIRMAN: If you are not through we will proceed on that before Mr. Millard gives us his proposals.

Mr. BLACKMORE: I wonder, Mr. Chairman, if it would not be wise for him to give his proposals first.

The CHAIRMAN: It is up to the committee to decide.

Mr. BLACKMORE: I think, Mr. Chairman, personally, that it is of very great importance that Mr. Millard give his full statement at as early a date as possible.

The CHAIRMAN: Is that the wish of the committee?

Agreed.

The WITNESS: I noticed yesterday, Mr. Chairman, that the members of the committee when they received copies of my brief turned to the back page first. I hope they will not do that this morning when I am dealing with our proposals.

Mr. JOHNSTON: Have you copies of the brief you are presenting to us this morning?

The WITNESS: Yes. They will be distributed in a moment.

Mr. Chairman and members of the committee, I now present to you the union's plan for settlement:—

THE UNION'S PLAN FOR SETTLEMENT

INTRODUCTION

I come now to the paramount problem, that is, the problem of getting the steel strike settled so that production may be resumed—and increased—in the steel industry and in many related industries.

We have been searching for a solution which would provide a measure of justice to the steelworkers and at the same time serve the best national interests. In other words, a solution which would assure the steelworkers some security and more adequate real income, and at the same time enable the nation as a whole to reach higher standards by increasing production, increasing productivity and stabilizing prices and living costs.

Throughout the whole of the present dispute we have kept in mind the fact that steel is a basic industry. We fully appreciate that the framework of labour relations and the scale of wage rates in steel are certain to influence the Canadian economy as a whole. Here we are in agreement with Mr. Donald Gordon and others who have appeared before the Industrial Relations Committee of the House of Commons.

The steelworkers have an interest, no less than any other group of citizens, in protecting and strengthening the Canadian economy as a whole. On the other hand, it would be unjust and unsound, merely because steel is an important basic industry, to deny the steelworkers advantages which have already been granted in secondary industries of lesser importance. That policy would mean that people in non-essential occupations would receive the most favoured treatment, while people doing the most essential work in the basic industries most vital to Canadian prosperity would receive the least favourable treatment. Such a policy is certainly not in the national interest.

The committee has heard the case for the steelworkers. We believe it is a very strong case, so strong that it has the sympathy and support of many Canadians in all walks of life.

The committee has also heard what might be called the case for economic stabilization, presented with great ability and distinction by Mr. Donald Gordon. The gist of his case is that: however just may be the claims of the steelworkers and other workers, they must, in large part, be postponed or deferred until such time as production overtakes demand. Mr. Gordon reinforces his case with the threat that if wage increases go beyond a certain point, the effort to hold the price line will be abandoned.

Now if there is real substance in the steelworkers' case (as there is) and if there is real substance in Mr. Gordon's case (as there is), then the national interests require us to find a reconciliation between the two—there must be a synthesis.

We accept the responsibility for making a constructive contribution in the endeavour to reach a fair and reasonable settlement.

PRELIMINARY POINTS

Before advancing our proposals, there are certain points of explanation which ought to be made clear.

One is that the proposals we make are put forward on behalf of the National Advisory Committee. If acceptable to you, as representatives of the public, and to the employers, the National Advisory Committee will recommend and urge acceptance by members of the union, and we are confident that the majority would vote in favour of the settlement proposed.

At the same time, it should be understood that, in recommending acceptance to our members, it would be necessary for us to give them the most definite and positive assurances that the settlement will be implemented, without any danger of being torpedoed later by some board or other agency.

The next point—and it is equally important—is that we are no longer interested in what has been called “horse-trading.” We feel that the problem has gone far beyond that stage now. We are not interested in bargaining counters; the situation is too grave and too urgent for time to be wasted in that kind of game. Our proposals represent our very best effort to find a solution, and we ask that they be accepted as such.

PRICE STABILIZATION

It is also necessary for us to make clear wherein we agree with the advice given by Mr. Donald Gordon, and wherein we cannot agree.

We agree with Mr. Gordon that wage increases accompanied by increases in the cost of living are a delusion—they are not real wage increases. It is

also true that price increases without wage increases result in a reduction in real wages—a wage cut—and this is a point we think should get more attention. Our people have suffered a very severe wage cut in the last four or five months.

We agree with Mr. Gordon that it is in the interests of the workingman and of the whole community to maintain stability of prices, and that there must be price controls to protect us all against inflation.

We agree with Mr. Gordon that it is urgently important to get ahead with production so that there will be more goods available for distribution and less pressure towards inflation. We are even prepared to agree that some of the legitimate wage claims of the workers must be deferred or postponed until production is further advanced than it is today.

But that is not the whole story.

THE FACTS ABOUT PRICES

Mr. Gordon's evidence sounded as though he claims that the price line has been held and now the steelworkers are threatening to break that line!

A great deal of Mr. Gordon's advice was sound only if there actually were price stabilization today. If the price line is not being held in fact then his advice becomes just an academic question, it is not practical, it is just fanciful.

What are the facts?

Since V-E Day the Wartime Prices and Trade Board has authorized a large number of important price increases. Steel, farm implements, milk, fruit—these are a few examples affecting the costs of every man, woman and child in Canada.

The record speaks for itself.

On April 1 of this year the cost-of-living index stood at 119·8. Two months later it was 123·6. The figure for July 1 will be at least 125·3. A rise of at least 5½ points in only three months! At that rate the Canadian cost-of-living index would rise 22 points in one year! That increase would be far more than the increase during six years of war!

Is that price stabilization?

Is that holding the price line?

The workers and their wives are practical people too, and they know the answer.

In view of the fact that the cost-of-living index remained almost stationary for over two years in wartime, when there was less production of consumer goods than there is today, it is submitted that recent swift rise in the index could have been prevented. There is only one possible explanation for what has happened since April 1. The Wartime Prices and Trade Board has yielded too much.

Mr. Gordon admitted that there is little or no co-ordination between price control administration and wage control administration.

It now appears that the price control administration has yielded a great deal to demands for price increases, but the wage control administration, in steel at least, has yielded nothing at all for over two years.

Is it the policy to say "Yes" to those who seek price increases and "No" to those who seek wage increases? Such a policy is not a policy of economic stabilization. It is certain to cause widespread industrial unrest.

The union cannot agree with Mr. Gordon that wage increases in steel will necessitate any further price increases. Enterprises like the steel companies, whose financial position is so much stronger than seven years ago—indeed stronger than ever before—are not by any stretch of the imagination in distress. They do not, in this period of great demand, face any threat of distress whatsoever.

The union cannot agree with Mr. Gordon if he intends to suggest that price control must be relaxed to enable companies to enjoy the same ratio of profit to volume as in pre-war years. Greater volume is supposed to reduce risk and overhead and to make possible not higher prices but lower prices. Companies are not entitled to expect a high rate of profit per unit when volume is high and risk is low. It is only when volume is very low and risk is very high, as it was during the depression years, that industry needs a high rate of profit per unit.

We have other points of disagreement with Mr. Gordon which have already been discussed. Perhaps the more important consideration now is that we do have points of substantial agreement. We believe that the union and its members are in a position to give Mr. Gordon some unexpected assistance and support, which he needs, provided always that his administration is prepared to make price control real and effective.

LABOUR SACRIFICES

In suggesting a formula for immediate settlement of the strike in big steel, we find it necessary to make some heavy sacrifices. We are postponing very important features of our programme which we believe to be sound, and we do so only in an effort to conclude a settlement and avoid further disruption of production throughout Canada.

At the same time, we must urge and insist that the subsidiary and branch plants of the three corporations in big steel should be included in this settlement. As Mr. Hilton admitted, it is proper that increases in a basic plant should be extended to the other plants. Any other course would only mean further disputes, further delays, probably further strikes, and the unnecessary interruption of supply which will be desperately needed this autumn.

The union's programme includes the establishment of a tri-partite national council for the industry, representing labour, management and the public, and also union-management production committees at the departmental level.

These two proposals, to succeed, would require the co-operation of government and management. We believe they are sound and very important. We are prepared to leave them to your good judgment and will be guided by any recommendation that may be made by the Industrial Relations Committee of the House of Commons.

For five years we have asked for national recognition and national standards for the iron and steel industry; specifically, that steel be designated a national employer in the same sense as mining and shipbuilding. This we were promised by the Prime Minister three-and-a-half years ago. It has not yet been done. This important point also we submit to the Industrial Relations Committee of the House of Commons, and ask for your favourable recommendation.

The other four outstanding issues relate to vacations, union security, hours and wages.

On these issues there are precedents in Canada for what we suggest as a formula of settlement in Big Steel. I must make clear that we are proposing a settlement of these issues in all the plants of the "Big Three" Steel Corporations, to be written into the next contracts made in respect of each plant. I must also point out that the contract year in the three basic plants should run from April 23, 1946, to April 22, 1947.

I might interject there to say that the timing you see there is to correspond with the working agreement which we already have with the Algoma Steel.

VACATIONS

We now propose the following vacation plan: one week, after one year's service; two weeks after five years' service; three weeks after twenty-five years' service.

This plan was offered by Stelco during negotiations at Hamilton on July 8.

In keeping with Stelco's suggestion, we also propose that in the year 1946 any additional vacation time resulting from the acceptance of the new plan be provided by either vacation time or payment in lieu thereof, at the option of the employer.

Algoma may be excepted from the plan for 1946 only, as the company's agreement with the union for the year from April 23, 1946, to April 22, 1947, makes other provision for vacations.

UNION SECURITY

We propose the Rand formula.

By this we mean the terms and conditions defined by Mr. Justice Rand in his decision as an arbitrator in the case of the Ford Motor Company, Windsor, and the United Automobile Workers.

Algoma's present contract contains provision for the revocable check-off, which is a modest form of union security. It is respectfully suggested that Algoma would be well advised to amend its agreement by writing in the Rand formula immediately instead of waiting until April 23, 1947, and such a gesture would be much appreciated by the union.

HOURS

The union is anxious to assist in increasing actual production during the coming months, as urged by Mr. Donald Gordon.

The union firmly believes that shorter hours are needed now, that shorter hours would increase efficiency and that there would be no shortage of men for the steel industry if wages and working conditions were more attractive.

We are as determined as we ever were to avoid the paradox of some men working long hours while others go unemployed.

However, as previously stated, the union is willing to give the employers more time in which to find personnel and arrange new schedules.

On the basis that we are still in a period of re-conversion and re-adjustment, the union, with reluctance and with some misgivings, will yield to the companies' claims that the 40 hour week cannot be established immediately or in one step.

It is important however that the principle of shorter hours be recognized.

We therefore propose that a work-week of 44 hours be made effective as of April 1, 1947, with the usual penalty for overtime.

WAGES

At the outset of our wage proposals, we remind the committee that a differential of 5 cents has prevailed for over two years between Sydney and the Ontario plants, although Sydney's rate before the war was higher than the rate at Sault Ste. Marie. There is absolutely no justification for the differential and the union must insist that it be removed by instituting a general increase of 5 cents an hour at Sydney for all workers other than those covered by the Ley Report of 1944. This is a pre-requisite to settlement of other issues.

The removal of the Sydney differential should be made retroactive to November 1, 1945, which was the date proposed on July 14 by the Nova Scotia Minister of Labour.

Wage proposals must be considered to apply to all within the bargaining units. Some of them are paid on an hourly basis, some on a tonnage basis, some by the day and a few by the week. Adjustments are stated in hourly terms, and of course corresponding adjustments must be made for people who are not paid by the hour.

Before stating our final proposal with respect to wages, it would be well for me to make some comments on the cost-of-living index.

In common with organized labour generally, we are not satisfied with the present index. We do not believe it reflects adequately all the actual increases in the cost-of-living which have taken place since 1939. For example it does not reflect the well-known deterioration of quality in necessities such as children's shoes. Another example: it makes no allowance for the fact that workers' families in the low-income brackets must spend a very high proportion of their earnings on food—and the food component in the index has risen much higher than the general index itself.

We urge the committee, in its report, to recommend an impartial enquiry into the present index with a view to establishing a new index based on actual requirements for a health and decency standard of living. An enquiry of the same kind is being undertaken at this moment in Great Britain.

Notwithstanding our dissatisfaction with the present index, we believe that it does reflect changes in retail prices and will therefore serve as a guide in making certain wage adjustments.

From 1941 to 1944 the index was used as a governor in fixing the cost-of-living bonus which was added to weekly earnings from time to time during that period. For each full point by which the index rose, employers were required to pay a bonus of 25 cents per week. The sum of 25 cents was 1 per cent of \$25.00, which was supposed to represent the minimum requirements of an average working-class family in 1939, when the cost-of-living index stood at 100.

It is obvious to all that a \$25.00 measuring-rod is hopelessly inadequate. It was too low in 1939, and in any event cost-of-living index has risen since 1939 to the point where actual minimum requirements are nearer \$40.00 per week.

The union will suggest that compensation for increases in the cost-of-living would be more equitably computed today at 1 cent per hour per point increase in the index. On a 40-hour week this would amount to 40 cents per week; on a 44-hour week, 44 cents a week, and so on, approximately a 1 per cent wage increase for each increase of 1 per cent in the cost-of-living.

It will be necessary to discuss settlement of the wage issue in three steps and under three headings, as follows:—

(1) *Retroactive Pay*

Price increases of \$5 a ton and up were granted to the steel companies as of April 1, 1946. Mr. Gordon has informed the committee that a wage increase in steel was anticipated some time prior to that date. Although almost identical price increases granted in the United States a few weeks earlier carried with them a general wage increase of 18½ cents, Mr. Gordon and Mr. Hilton seem to have had in mind a Canadian wage increase in the neighbourhood of 10 cents, according to their own evidence. I repeat, that was before April 1.

Moreover, the steel companies have actually enjoyed their price increases ever since April 1, and the steelworkers are surely entitled to no less favourable treatment, in so far as it is possible after months of delay.

If, therefore, the steelworkers' claims had been settled on April 1, they would clearly have been entitled to an increase of at least 10 cents on that date and from that date.

Thus the first point in the settlement of the wage issue must be: an increase of 10 cents an hour retroactive to April 1, 1946.

(2) *The Instalment Plan*

The situation today is not at all what it was on April 1. Since April 1, the cost-of-living index has risen by at least 5½ points to July 1, and it will undoubtedly stand even higher for August 1.

Therefore, in order to preserve the position they ought to have attained on April 1, the steelworkers were entitled, as of July 1, to a further increase of

5½ cents per hour to compensate for the increase in the cost-of-living by at least 5½ points from April 1 to July 1. Otherwise they would again be taking a cut in their real wage.

In this connection, I would remind the committee of the assurances given by the Prime Minister and by the Minister of Labour in December, 1943, that if any appreciable change in living costs were to occur, the government would review the whole program of price control and wage control and would take appropriate action.

I have said that the steelworkers were entitled, as of July 1, to another increase of at least 5½ cents.

However, Mr. Donald Gordon has appealed for time; he has asked that industry be given a breathing-spell in which to get ahead with production; he has pleaded for the postponement of increases which he considers put pressure on price ceilings.

We are prepared to make substantial sacrifices in order to assist Mr. Gordon and the cause of price control. Although the steelworkers were entitled to another 5½ cents at or before July 1, and although the steelworkers have been themselves paying the penalty of rising costs ever since April 1, we are prepared to recommend still further sacrifices as a contribution to price control and in the hope that price control will be more successful hereafter.

We therefore propose that the second increase of 5½ cents be postponed, and that it become effective in two instalments, the first instalment of 2½ cents to become effective and be paid as from October 1, 1946, and the second instalment of 3 cents to become effective and be paid as from December 1, 1946.

(3) *Protecting the Real Wage*

The union would not agree to the principle that wage rates be chained to the cost-of-living index. The union takes the position that labour is entitled to a larger share of income and more as productivity increases. However, there is an immediate problem, which we are concerned to meet.

We are fully aware that wage gains can be destroyed by an inflationary trend. It would not be possible to scale down our wage program, as we have done, if the cost-of-living index were to continue rising at the rate of 22 points a year. We are still hopeful that, with the help of labour, the Wartime Prices and Trade Board will succeed in checking the swift upward trend of prices.

Mr. Donald Gordon told the committee that the board is under strong pressure for higher prices. It is no secret that the pressure is applied, in the main, by the employers of labour.

Pressure for wage increases has been resisted not only by the Wage Control Boards, but also by employers. Naturally, employers acted as a shield or buffer between the workers and the wage control administration.

But there was no corresponding shield or buffer between industrialists and the price control administration. There was no active or informed opponent to stand in the way of the applicant for price increases, or to challenge and obstruct the applicant's case when it reached the Wartime Prices and Trade Board. There were not even public hearings.

Mr. Gordon appealed for support and assistance in the battle to hold the price line. The union believes he should be provided with a weapon, which will strengthen his hand and at the same time protect the general public as well as the steelworkers against further increases in living costs.

There must be an incentive for industry to accept its responsibility of preventing further price increases. There must be some method of discouraging industrialists from applying for increases on the strength of figures which the Wartime Prices and Trade Board feels obliged to accept as accurate. There must be a penalty for the failure to hold the price line.

We therefore propose that, commencing in January, 1947, steelworkers' wage rates be adjusted upward from month to month by 1 cent an hour for each rise of one full point in the cost-of-living index above the index figure for July 1, 1946.

SUMMARY

In conclusion, I would summarize the union's proposals as follows:—

1. *Vacations with Pay:*

- (a) One week after one year's service.
- (b) Two weeks after five years' service.
- (c) Three weeks after 25 years' service.

2. *Union Security: The Rand Formula.*

(At this point the noise from spectators caused the chairman to interrupt the witness):

The CHAIRMAN: Order. I must remind the people here that members of the committee only have the right to speak and ask questions of the witness. We must have quiet; otherwise I shall be sorry to have to ask the committee to sit in camera.

3. *Hours:*

The 44-hour week, effective April 1, 1947.

4. *Wages:*

- (a) Removal of the Sydney differential, retroactive to November 1, 1945.
- (b) A general wage increase of 15½ cents "across the board" payable in three instalments:—
 - (i) 10 cents, retroactive to April 1, 1946;
 - (ii) 2½ cents, effective October 1, 1946;
 - (iii) 3 cents, effective December 1, 1946.
- (c) A monthly adjustment, commencing in January, 1947, of 1 cent per hour for each point by which the cost-of-living index rises after July 1, 1946.

Mr. SMITH: Mr. Chairman, if I may be permitted I intend to go through what Mr. Millard has read, but obviously since I heard him only this morning it is plain that I speak only for myself.

By Mr. Smith:

Q. Mr. Millard, on page 1 of your introduction, in the second paragraph, you say: "In other words, a solution which would assure the steelworkers some security and more adequate real income, and at the same time enable the nation as a whole to reach higher standards by increasing production, increasing productivity and stabilizing prices and living costs." I gather by that that you will later give details in this brief as to what you mean by that? I do not need to bother with that?—A. Yes.

Q. Then turn to the last paragraph on that page: "On the other hand, it would be unjust and unsound, merely because steel is an important basic industry, to deny the steelworkers advantages which have already been granted in secondary industries of lesser importance." I merely call your attention to this fact, that there is a worker in this world called the white collar worker. As a matter of fact he has remained pretty static, has he not, throughout this picture?—A. I cannot answer that very accurately because I have not been keeping track of the salary levels.

Q. All I had in mind was this: if that be sound with respect to steelworkers it should be of general application to the man who is unorganized and who works; I think you will agree with me?—A. I respect your opinion.

Q. You would almost concur, would you not, being a judge in your own right?—A. I would think so.

Q. On the next page I find these words with regard to Mr. Gordon's evidence: "The gist of his case is that: however just may be the claims of the steelworkers and other workers, they must, in large part, be postponed or deferred until such time as production overtakes demand. Mr. Gordon reinforces his case with the threat that if wage increases go beyond a certain point, the effort to hold the price line will be abandoned." Do you not agree with that broadly in principle?—A. I believe in principle that there must be an adequate supply of goods to meet the demands of the people, and if there is not an adequate supply of goods, there will be very great pressure on price ceilings.

Q. But would you not go further and agree with me that the only thing which will permit relief from price ceilings is the adequate production of all consumer goods?—A. I would say so.

Q. That is the answer at the end of the road?—A. Yes.

Q. At the top of the next page: "The next point, and it is equally important—is that we are no longer interested in what has been called 'horsetrading'. We feel that the problem has gone far beyond that stage now. We are not interested in bargaining counters; the situation is too grave and too urgent for time to be wasted in that kind of game. Our proposals represent our very best effort to find a solution, and we ask that they be accepted as such." Now, yesterday, if I heard you correctly, you took the position that as negotiators you made up your mind as to when you would receive the final offer from the other side; is that right?—A. Yes, right.

Q. Up to this morning this is the first digression you have made from your original position?—A. No, this is not the first digression.

Q. What was the first?—A. Before the commissioner we agreed to reduce our over-all wage demands from 19½ to 15½ cents.

Q. I am wrong. I am sorry; you did make a reduction of 4 cents before the commission.—A. That is right.

Q. And you have that same demand here in progressive stages; do I understand you correctly?—A. Yes, sir.

Q. Now, coming to the heading "Price stabilization", I will read the following: "We agree with Mr. Gordon that wage increases accompanied by increases in the cost of living are a delusion—they are not real wage increases." May I say I agree with you. "It is also true that price increases without wage increases result in a reduction in real wages—a wage cut . . ." May I say I agree with you again. ". . . and this is a point we think should get more attention. Our people have suffered a very severe wage cut in the last four or five months." I gather that what you mean by that, if you agree with me—And I am in hearty agreement with you—was that there is a great distinction between money wages and real wages? In other words, if I have \$100 today and it will buy me so many groceries and next year I have \$200 and it will only buy the same amount of groceries I have had no real wage increase?—A. Correct.

Q. In short, the position is just this, that wages or money are only good for what they may be able to purchase; that is your position, I take it?—A. Yes.

Q. And may I say I also agree with you. Then you go on to say: "We agree with Mr. Gordon that it is in the interests of the workingman and of the whole community to maintain stability of prices, and that there must be price controls to protect us all against inflation." You will also agree with that?—A. I think you forgot one word. I do not think I heard the word "all".

Q. "...to protect us all against inflation." I am sorry. Did I miss that? I assure you it was quite unintentional, because you see I am one of those fellows who get paid by parliament for being down here and I am one of the "all" who will suffer if we have inflation. Now, may I also say that I agree with

you in that, and I want to ask you this question: will you agree with the broad proposition submitted by Mr. Gordon, not involving wages only but any costs of which wages are only one item—if costs go to a certain point then we will have inflation and then we will have disaster? I think you will agree with that?—A. I am not sure that I correctly understand your question, Mr. Smith, but there is one point I must take issue with Mr. Gordon on and that is the point which he made in determining price increases on the profit ratio of these companies. I cannot agree as I have already pointed out here that these companies are entitled to the same profit ratio per unit of production as they were before the war, now that they have doubled their production.

Q. That is in your brief?—A. Yes.

Q. I am coming to that. I asked you whether you do not agree with the general proposition that if we have a sufficient price rise some day the balloon will break—and I am not suggesting labour or anyone else—but then we will all suffer who live by income in dollars?—A. I believe that is true.

Q. The only things left are commodities such as land. It does not matter what the dollar is worth, land and wheat and corn and so on are always worth their value irrespective of the matter of dollars; you will agree with that?—A. Yes.

Q. Then, I turn to the following page and I see the words: “A great deal of Mr. Gordon’s advice was sound only if there actually were price stabilization today. If the price line is not being held in fact, then his advice becomes just an academic question, it is not practical, it is just fanciful.” May I say broadly I agree with your statement; but you will agree with me, I am sure—and there may be some people sitting close to me who may not agree with me—but you will also agree with me, I am sure, that the price stabilization policy has tended to do that?—A. I will say up until the 1st of April, yes; I will make that exception.

Q. Then you have the 5 point rise after the 1st of April which I agree is startling and which you will agree with me is startling: to what do you attribute that 5 point rise, speaking broadly?—A. I think the last sentence on the page covers that: “The Wartime Prices and Trade Board has yielded too much,” to the pressure for price increases by the basic industries of this country.

Q. What do you mean by that—leave steel out?—A. There are many other commodities on which the price ceilings have been removed, and also in the farm implement field and in other fields price relaxation has taken place and de-control has started and that is now beginning to reflect to us in all the day-to-day commodities that people require.

Q. I only know of steel and agricultural implements. I am not speaking of luxuries, I am speaking of necessary commodities for the ordinary family. Where else has it failed?—A. Fruit, milk and, I believe, butter and other things are also in that class today.

Q. In other words, you say—and I think justly—that the cost-of-living index is not weighted heavily enough in food products?—A. That is right.

Q. That is your position?—A. That is one of the things.

Q. That is practically the major one, is it not?—A. Yes.

Q. Now, I have come along to this sentence: “The Wartime Prices and Trade Board has yielded too much.” I want you to know I did not miss it. I had it underlined on my sheet. Now, turn to the next page: “Is it the policy to say ‘Yes’ to those who seek price increases and ‘No’ to those who seek wage increases? Such a policy is not a policy of economic stabilization. It is certain to cause widespread industrial unrest.” Now, I agree with you again, if your premises are correct. Mr. Millard, you do not really mean that, do you?—A. I mean, generally speaking, yes, that the tendency has been for the wages board to say “no” to increases that would be adequate to meet the situation. They have said “no” in most cases to those wage demands; on the other hand,

representations have been made, as I pointed out previously to this committee, by employers and employers' agents and the tendency seems to have been, by the evidence submitted here, to say "yes" to the employers. I believe that substantially that statement is correct.

Q. I have been agreeing with you in everything you said yet; you see, I am not a great supporter of the government—but we can go on with the next paragraph where you say of these industries, "They do not, in this period of great demand, face any threat of distress whatsoever." May I agree with you most heartily in that statement.

Then coming along to the next paragraph, in the last sentence you say: "It is only when volume is very low and risk is very high, as it was during the depression years, that industry needs a high rate of profit per unit." What do you mean by "per unit"?—A. Well, that the margin price per unit of production will be greater in order to provide an over-all volume of profit for the money invested and for the operational expense. If volume is reduced, the risks are greater—that is the risk of collecting accounts and of costs distribution and the volume, not only in consumption but in production. It seems to me that the employer if he is going to meet overhead which remains fixed and going to continue the wage levels existing at that time does require a higher rate of profit per unit of production. If it is steel, it is a ton of steel; if it is automobiles, it is an automobile or a truck.

Q. Well, will you agree or disagree with this, that when the industry does not make money, wages should be decreased?—A. No, I do not agree with that because if you are going to take that attitude then the attitude of industry should be that they will carry over into the lean years some of the profits which were made in the fat years.

Q. I am not taking this attitude; I am merely asking you a question and I want you to agree or disagree with the principle. You have said that labour is entitled—you have not said it; I am interpreting what you said—that labour is entitled to a certain percentage of the profit dollar; I think you expressed that view?—A. I think so.

Q. Does labour take any responsibility for the dollar that is lost?—A. Well, if we are going to be restricted to a very small percentage of the profit dollar when the profit dollars are increased, it seems to me we should not be expected to assume responsibility when those profit dollars are less. Let us have it both ways if we are going to have it at all. In other words, when industry is prosperous if they would share equally with labour then it seems to me we could take the responsibility to share equally with industry when industry is not so prosperous.

Q. You agree that the thing must work both ways?—A. Yes, sir.

Q. There is no question in your mind about that?—A. That is right.

Q. Now, I am going to go a step further. Do you believe that basic control of wages should be the profit made by industry: do you accept that theory or not? Take the Truman committee in the United States—a fact-finding committee set up in connection with General Motors—do you believe in the principle that the wage should depend on the ability of the company to pay?—A. No, I cannot accept that, Mr. Smith.

Q. Neither do I—A. There are many other factors that come in.

Q. Do you not regard that as a basic factor in the settlement of wages?—A. No.

Q. Now, I may agree with you again. What you have in your mind is this, that a man who is willing to work is entitled to a decent wage; is that the basis of your position?—A. Absolutely.

Q. Then, I turn to the next page—or rather to the next document. Here you suggest that this settlement must come as well through subsidiary plants. I do not think you have heard any disagreement of that; and the companies told us what it was going to cost over the broad picture.—A. Yes.

Q. You say: "The union's program includes the establishment of a tripartite national council for the industry, representing labour, management and the public, and also union-management production committees at the departmental level." Now, let us take these things one at a time. You believe in the broad council representing the three people. What sort of council do you mean; how many?—A. In steel there are three broad divisions, sometimes referred to as basic steel: first, iron-steel production; secondly, fabricating; and the other large division is foundries. It seems to me there ought to be management personnel that are acquainted with the problems of administration in these portions of the industry. I would suggest three men who are representative of the industry itself; then the unions involved in this case—practically one union—say there would be three representatives of labour on this central council; and then there would be three representatives representing the public, and presumably chosen by the government. They would include, I believe, technical people, people who understand the whole question of price and wage stabilization and these other matters, and they also would be represented through the representatives of the public.

Q. You could not give a lawyer a job, could you?—A. Likely when we get into the public representatives we would get a lawyer.

Q. You have in mind a council with the three consumers holding the balance of power; is that what you have in mind?—A. Yes.

Q. The three consumer representatives holding the balance of power. Now, what authority would you give them?—A. I have already stated in this committee previously that it seems to me that is a rather academic question. I think the committee would have to make certain recommendations and be clothed with certain authority and certain power. It would depend on how far they are going to go in planning the development of the industry in Canada. It would depend on how far they would be required to go in the placing of priorities. It would depend on how far they would be required to go in the handling of industrial relations and other related questions. I do not think it would be possible at the outset to determine by a blue-print or by specifications what the authority or responsibility even of such a council would be. But there are precedents; councils have been established in other countries, in steel, and I think we could learn a lot and probably benefit a lot by getting information regarding the workings of those councils and knowing with what authority they are clothed.

Q. Let me agree with that. Now, here we are in a community of thirty men, and we are supposed to bring a recommendation to the House of Commons. Now, will you not contribute whatever views you have with the very able assistance you have? We are trying to get somewhere here. What authority would you give that governing body? Cannot you give me some, say, suggestions without our going hunting in other countries to see what they have done?—A. It seems to me if there is going to be any plan that the council ought to have at least the authority that has been vested in the controllers during the war years; otherwise I cannot see that anything worth while could be accomplished by such a council.

Q. Would you give the council the power to outlaw strikes?—A. No, I would not give that to anyone.

Q. Would you give them the power to outlaw lockouts?—A. No.

Q. In other words, you would still stand with the view that the strike is labour's great weapon?—A. That is right.

Q. I am not going to argue with you at all. I am very much inclined to agree with you; but what we are trying to do is find some method of preventing strikes. You would not give them the power to outlaw strikes or lockouts?—A. That is right.

Q. Now, on the first page of the second brief you say near the bottom: "These two proposals, to succeed, would require the co-operation of government and management. We believe they are sound and very important. We are prepared to leave them to your good judgment and will be guided by any recommendation that may be made by the Industrial Relations Committee of the House of Commons." Now, you may have said more than you intended to. I do not know. But did you intend to say with respect to labour-management committees and this bigger and broader committee of nine persons, that labour is quite prepared to take our recommendation on that matter?—A. I am prepared, Mr. Smith, to be guided by your recommendations. Whether or not labour would be in a position finally to accept will depend largely, of course, on what those recommendations are. But I feel that the committee, having heard this case and having delved into this dispute, possibly are in a position now to make some recommendations where governmental action will be taken. Of course, whether we accept that—we will have to decide that.

Q. When you said that you will be guided by any recommendation what you meant was if it suited you you would be guided?—A. If it met the situation.

Q. You meant if it suited your book; is not that a fair expression?—A. Well, all right.

Q. Mr. Gillis says it is not a fair expression, but I have less trouble with you than I have with him. As a matter of fact what I have in my mind is this—

Mr. MACINNIS: Mr. Gillis knows you better.

By Mr. Smith:

Q. What I have in my mind is this; what you meant to say was, you recommend this as a method but you reserve the right to act as you please after the recommendation has been made?—A. That is it.

Q. And you hope you will be in agreement with us?—A. That is right.

Mr. SMITH: Is there any objection to that from any of you over here? (Indicating members to his left).

By Mr. Smith:

Q. Now, on page 2 you say:—

In giving you Stelco's suggestion we also propose that in the year 1946 any additional vacation time resulting from the acceptance of the new plan be provided by either vacation time or payment in lieu thereof at the option of the employer.

I do not understand that. Would you mind telling us what that means?—A. For example, many of the vacation plans which are now in effect, which have been in effect for some time, would work in this way; that a man might arrange to take say one week of his vacation, and then if we adopt this plan he might be entitled to another week and possibly the employer would not be able to arrange for him to have the other week because his schedules are not so arranged that he could give him the additional week. It would be at the option of the employer either to give him the week's holidays, the second week's holidays, or the dollar value equivalent in lieu thereof.

Q. I see. Now, the next point is union security. You accept in its entirety the Rand formula?—A. Correct.

Q. And the next point is as to hours of work; and as I understand your proposal, it is that the matter be postponed until a more convenient time.—

A. We are proposing there very definitely, Mr. Smith, that the principle be adopted in this current contract and that it start with the first of April, next, and the 44-hour standard would come into effect in steel, and overtime after that.

Q. For the first of April, 1946?—A. 1946.

Q. Now, I want to talk about hours of work. May I say that I am old enough to remember the time when the ten-hour day was first advocated and it was opposed on the basis that the business of the country would go to pieces. I remember than when the eight-hour day was advocated the same thing was said. What is your opinion as to the efficiency of a working person?—A. It is not a matter of efficiency so far as the present is concerned.

Q. No, no. I am coming to that later. I would like to have some leisure, which I have not had since I have been down here. Would you tell me that? If you do not, just say so.—A. I don't know exactly.

Q. You don't know?—A. And I do not think anybody else does.

Q. May I say that I go along with you on that. You see, we all want as much pleasure as we can get. Is that your view?—A. Yes.

Q. You have no minimum limit of hours or days of labour?—A. None.

Q. And next year it might be 32 hours, or 40 hours?—A. Correct.

Q. How do you justify that?—A. First of all, I think there is the question of sharing employment which is a very important factor. I do not think it is necessary for people to work long hours, or any longer hours than necessary to provide everybody with jobs. We need to share employment. Secondly, I think that our increased production capacity in this country, made possible largely during the war, that we are not so poor in respect of man-power that we could not reduce as our productivity ratio goes up, and we should be reducing continually and consistently the hours of labour in industry.

Q. Now, what you have in mind is this: you have a certain man-power spread over this country, there is a certain amount of work to be done, that you should be employed whatever time is necessary to obtain that production. Is that your view?—A. That is my view.

Q. All right. Why is it then that people cannot get men to work in the woods, in the brickyards and so on—railway maintenance and so on. Why is it?—A. Well, I think it is because the work is not attractive, and possibly the wages paid in many cases are not attractive.

Q. Is it not true?—A. And I imagine if the hours of labour were cut down where the physical effort involved was reduced so that it would be less arduous than it now is, many of the men would be attracted to places such as you mention.

Q. All right. Let us get down to Dosco. The eight-hour day was put in and they had a strike down there because that six-day week was put in. You had a strike down there. Some of the men wanted to work seven. How do you account for that?—A. Well, the policy of the Dominion Steel and Coal Corporation over the years has been to work long hours and low pay, and the net result is that workmen in most instances are so far behind that they still require to work long hours to even up the expenses which they went behind on their former pay, to catch up with what they have lost over the years, and they have got in the habit of working long hours in some cases just because it has always been done; and that was only a small group of people who took that position, and they were supported by others in the situation. While that has been due to this policy of long hours and low pay which has been the rule, and now that situation is changing. Naturally there are a few, a very small minority, who do not wish any such change and who are still anxious to pad their pay envelopes by working long hours. They are only in very small minority and it should not be ascribed to the group as a whole.

Q. I haven't done that, but you do admit—

By Mr. Gillis:

Q. If you don't mind, Mr. Smith, I should like to ask this; am I right in saying that it only applies to one classification?—A. There was only one classification affected, and as I said in my brief before the committee previously

the management sought to impose a shorter work week, and the men were all agreed with the exception of one small group directly affected. Also, it involved this question of the differential, because the men would not have felt so keenly about it had they paid an increase even though the hours were shortened. Actually, the men were not striking because of the six-day work week, they were striking because the production workers had not received their five cent differential.

Q. You say that that is why?—A. And they were only a small group, the electricians.

Mr. GILLIS: That is just the point I wanted to get at.

By Mr. Smith:

Q. Are they organized in your union?—A. That is right.

Q. So they are part of the steelworkers union?—A. Yes.

Mr. GILLIS: Yes, that is the point I wanted to make on that question of the number of hours, I think. The electricians could work longer hours than some men work in the steel plant where they have to slog it out under heat. Where the electricians can get away with twelve hours I think six hours is the proper limit for any man who has to work in a heavy steel plant. That is the point I wanted to make.

Mr. SMITH: You are through?

Mr. GILLIS: Yes.

By Mr. Smith:

Q. Now, what I had in mind is this. Will you not admit that it is just naturally human that some people wish to work longer hours because they make more money? Is not that a simple statement?—A. I think that if they can see any way of making more money for themselves they will do it.

Q. You mean, playing their money on the stock market and losing it?—A. No.

Q. I am one of those who believe in keeping lawyers at work.—A. No. Some people believe that they can make sufficient money in shorter hours. I am sure these same men would welcome leisure some time.

Q. A lot of them want to carry it even further than that and make, a lot of them would like to be able to make sufficient money without working at all.—A. Well, I think in some cases that is true.

The CHAIRMAN: Order.

By Mr. Smith:

Q. Now I turn to your four problems in the order in which you have presented them. The first, I think, is union security. You are willing to accept the Rand formula?—A. Across the board.

Q. With all its benefits and also carrying its responsibilities?—A. Yes.

Q. I now turn to hours of work. Is it true, as has been suggested by the Steel Company that it would be difficult to implement the five-day week now? Is that correct?—A. I do not believe it is true.

Q. The 40-hour limit, put it that way?—A. I do not believe that is true. I believe it can be done, if they would co-operate to that extent.

Q. And it will cost more money, obviously?—A. Yes, for a time at least.

Q. What do you mean by that?—A. Well, I think when the increased efficiency brought about by shorter hours becomes effective in the steel industry that will not be the case. In other words, there will be some duplication for a time while the adjusting period is taking place.

Q. But where are these shorter hours going to end. You say, increased efficiency from shorter hours. What do you want, a six hour day?—A. They

are going to end with as low a number of hours as we can possibly work to produce what we need for the nation, and maybe for ourselves, by developing all our natural resources with a developing standard of living.

Q. All right. Where does that end?—A. I do not know.

Q. Neither do I, I just wondered if you did. Now, I turn from that to the question of wages, and is it true as was suggested by Mr. MacNamara that he had a conversation with you and my friend Murray Cotterill where a 10 cent figure was discussed?—A. Yes, it is true, that somewhere about April 1, I imagine, in that neighbourhood, the deputy minister of labour did say that a 10 cent figure was what he had in mind for a settlement in the steel dispute. But I might say that there was no assurance that that could be achieved. That was a suggestion, a tentative proposal made by the Deputy Minister of Labour.

Q. But at that time in spite of the 5 cent increase or 5 point increase in the cost of living, you were prepared to accept?—A. We did say there was a time that that would have been accepted, but we added—I added a certain reservation as to whether it would be acceptable even then to our people.

Q. And I did not ask you what the reservations were because they were more or less in confidence. That is a fair statement?—A. Yes, that is right.

Q. You spoke about retroactive pay in this industry to April 1. May I just assure you very personally that I agree with you in that, so we can pass that on. Now, you say on page 11, that this was the first point in the settlement of the wage issue, there must be an increase of 10 cents an hour retroactive to April 1. Then you go on with your instalment plan; and as I understand it, it is a plan working out to 15½ cents with certain conditions. And now, if those conditions do not happen; in other words, the cost of living does not go up, or even supposing it recedes, I gather that you would not insist on this increase. If the cost of living does not advance I gather that you would not insist on this increase. What I have in my mind is this, do you or I know enough about the future to say what the position of this country will be next year; definitely to say so and so, and so and so? And do we, or do we not know?—A. The point that I make there is that this contract cannot be settled unless there is an iron-clad guarantee now that 15½ cents will be given on an instalment basis such as we have indicated here; in other words, that there will be a guarantee that we will on the first day of October get the additional 2½ cents added rate.

Q. Irrespective of the cost of living?—A. Irrespective of the cost of living at that time.

Q. How do you justify that?—A. Because we need that 15½ cents now, it should be paid now for certain reasons that we have pointed out, but we are prepared to accept a greater lag behind, but we take a very definite position on that.

Q. Then, your idea is this; that you are willing to make a sacrifice; that you feel that you should have the 15½ cents now, but you are willing to forgo that until the date you have indicated on the understanding that it will be given to you in future. Is that right?—A. Yes.

Q. Irrespective of what conditions are at that time?—A. Right.

Q. Do you think you can justify your attitude?—A. Yes, absolutely.

Q. I am sorry, that is one time I cannot agree with you. I could agree with you pretty well, but not on that. Then, here is a summary on page 14—I refer to paragraph (d) at the bottom of the page—10 cents an hour retroactive to April 1, 1946. We discussed that. Two, 2½ cents effective October 1, 1946. Three, 3 cents effective December 1, 1946. Have you any further comments to make as to why those dates are fixed?—A. Yes. Our comment is this: we felt that it would be probably around August 15 before we get back to work. It is going to take additional time to get into production, and so on, it would take at least two weeks—we set that arbitrarily, of course—and we set October 1 for the date of the payment of the first instalment of the second portion of

the money. Then we thought that in those two months that certainly we would be proceeding far enough we hoped with all the industries running to get the balance of the 15½ cents.

Q. Now may I, Mr. Millard, summarize if I can for the committee your differences with the employers: There is first the differential which operates against the Sydney plant. Then, on a question of union security you accept the Rand formula. On the question of wages you have set out your position here. The word "check-off" is not mentioned. Do you know my views on that, you are entitled to a check-off in any industry so I won't bother with that. I am just expressing my personal views. I have done it in public before and I will keep on doing so. I think these things summarize your points of difference because at the moment you are not asking for a 44-hour week, you are asking a 44-hour week?—A. A 44-hour week becoming effective in 1947.

Q. And that is why I say that at the moment the matter of hours of work would not enter into it.—A. We are asking the employers to agree at the moment that they will adopt this and write it into their agreement with us, that it will become effective as of April 1, 1947.

Q. Then the things I said to you with respect to projecting ourselves into the future are just as true in respect to hours of work as to wages, are they not?—A. Yes.

By Right Hon. Mr. Howe:

Q. Mr. Smith has questioned you on the whole brief. I am not a lawyer so I am going to question you only with respect to two or three paragraphs. I call your attention to page 5, the second paragraph:—

It now appears that the price control administration has yielded a great deal to demands for price increases, but the wage control administration, in steel at least, has yielded nothing at all for over two years.

Is it the policy to say "yes" to those who seek price increases and "no" to those who seek wage increases? Such a policy is not a policy of economic stabilization. It is certain to cause widespread industrial unrest.

Now, the suggestion is that the Wartime Prices and Trade Board gave an increase to the steel industry and made no provision for labour. I think you will recall the situation in steel. Prices were frozen in 1939, and except for an adjustment on steel rails there was no adjustment until the adjustment of April 1 on the price of steel. Now, the implication is, as I see it, that the Wartime Prices and Trade Board gave a variety of increases in steel which we will say average out at about \$5 per billet ton. I think it has been made abundantly clear here that half of that increase was to take care of consequent wages to meet consequent increases in the cost of living which would result from raising the price on a basic commodity. Do you agree to that?—A. I do not think I got the question correctly.

Q. The question is this, I have in here brought out the fact that in determining the amount of wage increases that the Wartime Prices and Trade Board anticipated about half the wage increase would go to labour—A. You mean, the price increase?

Q. The price increase, yes.—A. Well, in the evidence it seems that might be true, but we have no definite assurance even yet on that question. I think Mr. Donald Gordon was quite obscure on that particular point. But I would take it to mean from what he said he was given some kind of an estimate by the Steel Company of Canada at least.

Q. That is right.—A. I do not know about the others, but in the case of the Steel Company of Canada at least it would seem from the evidence given—

and I heard all of it—that there was some amount, practically 50 per cent of the price increase, to go for wages.

Q. Yes. Well, just to make assurance doubly sure, you recall that when the government took action, it was not satisfied the way negotiations were proceeding, and it appointed a steel controller and it instructed the steel controller to apply for a ten cent increase in wages across the board, thus supplementing the intention of the Wartime Prices and Trade Board that an increase was granted. You agree with me do you not, that that happened?—A. Well, all that we know is that a controller was appointed and we were informed they were supposed to make an application for ten cents an hour.

Q. Yes. That was in the order in council. And now, you have set a pattern of reasonable increases.

Mr. SMITH: Was that in the order in council, Mr. Howe?

Rt. Hon. Mr. HOWE: He was instructed to make appropriate application to the board.

Mr. SMITH: But not specifically 10 cents an hour?

Rt. Hon. Mr. HOWE: It did as a matter of fact order a general increase of ten cents an hour.

By Right Hon. Mr. Howe:

Q. Now, you set a pattern for a reasonable scale of wage increases. As I understand it, you believe it should be a one cent increase in wage for each point increased in the cost of living. In fact, you propose that that be the pattern to apply as from January 1, 1947. That is in your proposal, I think.

—A. Mr. Howe, I would like to mention that particular point and clear it up at this stage, because we are not proposing—and I say this very frankly—in the brief we are not proposing a general wage increase with the cost of living. What we are saying is, first, that we want some protection for the worker, we want some assurance that this wage increase granted is not going to be absolutely absorbed in the next three or four months by a continuing rapid rise in the cost of living.

Q. Yes.—A. Secondly, that we do not want to see this entire struggle which is going on in the dominion, and in steel particularly, to have been in vain by getting a wage increase now and finding it completely dissipated in a rising cost of living. That is why we want the Wartime Prices and Trade Board to have the responsibility placed in their hands so they can say to these people who come galloping down here to Ottawa to tell all about their disability and their distress as to what may happen to them in the future if they don't get price increases to say that if you are going to get a price increase and if that is going to reflect itself in an increased cost of living you are going to be compelled to pay the worker the difference caused by the price increase if it is absolutely necessary.

Q. Nevertheless, I call your attention to the last paragraph in your brief which reads:—

(c) A monthly adjustment, commencing in January, 1947, of 1 cent per hour for each point by which the cost of living index rises after July 1, 1946.

So I presume you consider that a reasonable adjustment in wages to govern in future. Is that right?—A. Yes. We are prepared to take a time lag in this case of six months from the settlement of this dispute, and at the end of six months if the cost of living has not been held then a wage adjustment corresponding will take place. And I say, Mr. Howe, and I make it public here; I hope that is one wage adjustment we won't have to make.

Q. So do I. I heartily agree. However, coming back to the paragraphs to which I referred, and I am going to ask you when we get through this time to

take back the implication that we have increased prices on commodities without any provision for wage increases. Now, you referred in your statement to the relationship as between the cost of wages and the cost of living, and in your proposal here the provision is that for every point of increase in the cost of living there would be a corresponding increase in the cost of wages. Now, I want to refer you to the provision which existed previously, you have referred to it here, that every time there was a one point increase in the cost of living there was a 25 cent per week increase in wages—A. Bonus.

Q. Bonus, yes; which was later incorporated into the wage structure. That applied at a time when the cost of living had reached eighteen and a fraction points, did it not?—A. Yes.

Q. Was that adjustment made on that basis up to that time?—A. Yes.

Q. Then, on April 1—I think you give the figure here—on April 1 of this year the cost of living index stood at 119·8. There was an increase for that time of something less than two points. That is correct is it not?—A. Yes.

Q. At that time the intention was, I think, that any substantial increase in wages which was finally determined by application to the board, through application of the government steel controller, to increase wages 10 cents an hour across the board. Now, there is no justification for that so far as the cost of living index is concerned in your formula as to that in this brief, was there? That is, if you have been working on your formula there as shown in the last paragraph of your brief, that increase of 10 cents an hour across the board would not have been justified? Therefore, I think you will agree with me, that the purpose of the increase was to take care of the price increase consequent upon the increase in the price of steel. Is not that true?—A. It may have some effect in that, Mr. Howe. I am not sure.

Q. There could not have been any increase in the index prior to that time?—I might say that I cannot agree with you that there was ten cents. We did not know what there was in that price of steel.

Q. Well, we will assume for the moment that it was ten cents.—A. I do not think it would work out ten cents. It would have been absorbed 50 per cent so far as we are concerned, that increase in the price of steel.

Q. Well, that may be so, that is not the point. The point is anyway that before the strike took place the industry was offered ten cents an hour. That was published in the press, and the order appointed a steel controller. Therefore, as I say at the time the index stood at 119. The industry was offered a ten cent increase across the board.—A. Mr. Howe, might I point out that I believe that if the ten cents was given then, as at that date, when the chairman was appointed, that the steel workers would not have got more than possibly four or five cents at the most out of that ten cents. In other words, the cost of living has gone up and there has been a long lag. It has gone up very rapidly and there has been a lag, so that out of the ten cents had it been granted and accepted at that time the steel workers would have had no real wage advance. Further than that, if that adjustment had been put into effect two or three years ago we would only have received a matter of four or five cents because of the rise which had taken place by the time the controller was appointed.

Q. We will say at least they would have received four or five cents more than they would have received on the basis of the cost of living index in your formula. That is right, is it not?—A. Yes.

Q. Then you say that two months later it stood at 123, and you anticipated that at the first of August, today, it would perhaps stand at 125·3.—A. At least that.

Q. Well, the ten cents an hour, according to your formula, would take care of that, would it not? That is an increase from 119·8 to 125·3; in other words about 5·5 points?—A. I do not think it takes care of all the money we have lost.

Q. Nevertheless, I am simply going on your formula. I am trying to refute your idea that it is everything for commodities and nothing for wages. I am trying to show that we did anticipate a wage increase, a wage increase sufficient to take care of the situation according to your own formula.—A. With all respect, Mr. Howe; I am not allowed to ask you questions.

Q. Go ahead and ask me anything you like.—A. I would like to know if there was anticipation that 50 per cent of the price increase that was granted to the steel industry, whether they required it or not, would apply to wages. That being the case why was labour not told at that time and the adjustment made at that time instead of lagging behind the way it has? Why were they not taken into consultation and given that money then, if that was the intention of the government?

Q. You yourself said Donald Gordon told you that there was something in that for labour and he invited you to go out and try to get it, to start bargaining; but you did not go to the labour board. I think I have made my point, and my point is this, that according to the formula you put before the committee, assuming that the increase in the cost of living has been bound to agree with what you anticipate—there is no proof of that but I am accepting your statement for the moment on it—the ten cent an hour increase fully takes care of the situation according to your own formula. Now, there is just one other point I wanted to raise here. I do it because Mr. Smith said he was in complete agreement with you; that is on page 6, the second paragraph:—

At the same time we must insist that the subsidiaries and branch plants of the three corporations in big steel should be included in the settlement.

The point I want to make there is if you are the bargaining agents for all of these branch plants?—A. We only ask for increases in those plants where we are bargaining agency; I think we are without question for everyone of the branch plants of the Steel Company of Canada, and in all the steel subsidiaries of the Dominion Steel and Coal Corporation.

Q. In other words, you are willing to amend that paragraph to apply to those plants for which your union is the bargaining agent?—A. Oh yes, without question. Those are the only ones for whom we can speak.

Mr. Chairman, before we go, and because I do not want any misunderstanding with regard to one of the points Mr. Howe has made. I would like to say that the Steelworkers Union cannot accept a 10-cent increase on the basis that that is to take care of the increase in the cost of living from the 1st of April, because that would mean that we were accepting the standards that have been established as far back as 1943 as the standard on which we are going to base our wage demands; and we cannot accept those standards as adequate.

The committee adjourned to meet again at 3.30 p.m.

The committee resumed at 3.30 o'clock p.m.

Mr. HOMUTH: Mr. Chairman, yesterday afternoon I raised a question as a result of paragraphs on page 52 of the steelworkers' brief with respect to a charge that there are, apparently, tremendous hidden reserves of the Steel Company of Canada. I do not think that this statement should be allowed to go unchallenged, and I suggest, Mr. Chairman, that some time before this hearing is over that this statement either be substantiated or that we find out just what the background is in those charges. I would like to see some witness produced who will take the statement of Steel Company of Canada, analyze it for this committee, and show us where these hidden reserves, and so on, are

I make that representation because I feel that a charge such as this one is a very serious one. If there are such hidden reserves, the government ought to be apprised of this because these reserves are subject to taxation and subject to tremendous penalties. I would like to move that some witness appear on behalf of the steelworkers' organization to analyze the statement and prove those charges.

Mr. CROLL: Mr. Chairman, I submit that it is not a proper motion. It is a matter for Mr. Homuth to take advantage in cross-examination. If Mr. Millard cannot answer the question, then he will put someone else on the stand. It is up to Mr. Millard to put somebody on the stand, and then that witness will be examined on it.

Mr. HOMUTH: Yesterday, when I asked Mr. Millard about it he said he could not explain it.

Mr. CROLL: Personally, he said.

Mr. HOMUTH: But he was to produce someone who could substantiate the statement.

Mr. SINCLAIR: That can come later. I would like to proceed a little further—

Mr. HOMUTH: I have the right to make a suggestion to the chairman, and I ask if such can be done.

The CHAIRMAN: Gentlemen, I understand that our committee has the right to hire the services of experts such as accountants. Mr. Millard told us, if my memory serves me right, that he may later bring up another witness to explain or give information. In my view, I think that Mr. Homuth is quite in order if he moves that the committee hire the services of an accountant to give us some light on the part of Mr. Millard's brief. It is the privilege of our committee to hire such services, but if Mr. Homuth is kind enough to accept my suggestion, I suggest that we leave it to Mr. Millard to produce the witness he has in mind to clear up this matter, and if the committee is not satisfied with this part of Mr. Millard's evidence then your motion, Mr. Homuth, will be discussed and accepted or rejected by your committee. I am suggesting to you to leave it before the chair until Mr. Millard has completed his evidence.

Mr. HOMUTH: I quite agree to that, Mr. Chairman, providing it is not lost in the shuffle.

By Mr. Sinclair:

Q. I would like to follow along the line of questioning started by Mr. Howe. Before I do that, now that Mr. Millard has completed his formal briefs, I would like to compliment him on the way he has presented it and the obvious detail and study that was put into it by the executive of his union. Whether the members of this committee agree with it or not, we will agree that it is well presented. I take it, Mr. Millard, that your organization thought that this was the proper, intelligent and democratic way of bringing your case to the attention of the committee, rather than, as others did this morning, having a mass parade led by a piper?—A. It was not a matter of choice. We were requested by this committee to come here and present our brief, and we have tried to do it to the best of our ability through the machinery of our union.

Q. And you have done it very well. I should mention that your briefs were good briefs with just one reservation: that in the four briefs that were submitted, a preliminary and the second brief which was very voluminous and now your third and fourth briefs, everything was factual except for one exception. I refer you to page 5 of your first brief today. You ask what I consider a rhetorical question, and I think that rhetorical questions have no place here. You say: "Is it the policy to say yes to those who seek price increases and no to those who seek wage increases?" I am a politician, and at one time you were, and we who are in politics all know that it is very easy to place an inference in a

person's mind by asking a rhetorical question. The inference in this case is that it is possible to obtain price increases but impossible to get wage increases, which is very wrong. I cannot think of one labour dispute since V-E day in British Columbia where the settlement has not included an increase in wages. On the other hand, I can think of many cases where B.C. manufacturers have tried to get a price increase presented a good case but they have been refused an increase. As a result they have sometimes ceased producing lines because of inadequate prices. I just say to you that your rhetorical question is not in keeping with the factual evidence of your brief. Would you change that rhetorical question to this statement: "It is the policy to say yes to those who seek price increases and not to those who seek wage increases"?—A. I would be prepared to change it to say that due to our experience that we believe it a fact that it is easier to get a price increase than a wage increase. Since the 1st April when we went before the National War Labour Board and presented our case to have the 5 cent differential in Sydney, and the answer was no.

Q. I quite agree that there have been cases where wage increases were refused. I understand that you on your side are fighting the wage control boards. We in parliament deal with both wage and price control boards, and I think my experience has been that it is very much more difficult to get price control increases than wage increases. Labour goes before regional boards where labour is represented. Any manufacturer who goes before that tough, resolute gentleman, Donald Gordon, has got to have a very, very good case to get an increase and in most cases he is refused. Canada has reason to be very grateful for Donald Gordon's toughness. Having got through with my criticism, and my friend Mr. Smith says I should always follow criticism with something nice, will you turn to page 8 of your second brief today. You have been in attendance at all of these meetings here, and you have heard me quote twice that statement that your unions, and for that matter the national labour congresses, do not think it right to have a high standard of living in British Columbia and a low standard of living in Ontario and a still lower standard of living in Nova Scotia. With that I certainly agree, as a Canadian to see a uniform standard of living across Canada, and as a British Columbian to see that we have a fair chance of industrial development for if in British Columbia we are going to have wages and costs out of line with the rest of Canada, then industry in British Columbia cannot survive. Are you aware that the British Columbia legislature brought in legislation last fall making a 44-hour week mandatory in British Columbia?—A. I am aware of that.

Q. To all intents and purposes then your demand for a 44-hour week next year is in accord with your policy of having one standard of living in Canada, so that next spring hours of work in the steel industry of Ontario, Quebec and Nova Scotia will be up to British Columbia standards?—A. Yes; that is next April.

Q. That is one and a half years from the time British Columbia adopted it. Lastly, as far as wages are concerned, are you aware of any recent settlement in the 15 cent pattern in British Columbia?—A. Yes, I have information that the American Can Company has agreed on 15 cents. I believe the Wood Shipbuilding has agreed on 15 cents. The Western Bridge Company has agreed on 15 cents. I just received a telegram—

Q. Let me bring that out. I have the same telegram. I am leading up to this telegram because of the proceedings of this committee a great disturbance in British Columbia labour unions has arisen. I might add to your list the pulp makers, loggers and the Heaps Engineering Works. Are you aware if any of these increases have been approved by the regional board or the national board?

Q. My last question to you is this, in making your requests of a 15½ cent increase by steps coming into full force in December, all you are trying to do, in a rather backward eastern way, if I may say so, is to lift your wage standard

and your hour standard to what it is in British Columbia?—A. That is not all we are trying to do.

Q. I directed this question to Mr. Millard because of a telegram from ten British Columbia district unions which every British Columbia member received today, which arose out of my questions in this committee to Mr. Justice Roach and the deputy minister, Mr. MacNamara. I asked Mr. MacNamara whether there was a separate 15 cents pattern for settlement in British Columbia and he said they were endeavouring to set a 10-cent pattern across Canada, and I asked whether these 15-cent increases secured in British Columbia had been approved by the regional and national labour boards. Mr. MacNamara answered that his department did not instruct these boards. Later on, in his own brief he said that if the steelworkers had accepted the 10 cents, he would have given a directive to the boards to approve these increases.

Hon. Mr. MITCHELL: Instructions.

Mr. SINCLAIR: He had "directive" in his brief. Having got through with Mr. Millard I would like to ask the minister whether he can answer this telegram from ten British Columbia district unions which are seriously disturbed by Mr. MacNamara's testimony, and tell the committee whether the boards will approve these 15-cent settlements. Perhaps the minister can help me.

Hon. Mr. MITCHELL: I will answer it. First and foremost, I am an Englishman. Let that be clearly understood.

Mr. SINCLAIR: I am a Scotchman.

Hon. Mr. MITCHELL: That is not as good. I have been raised in the school where the rule of law is fundamental. I asked Mr. Millard whether he thought that was part and parcel of the free way of living. I do not know what the British Columbia board will do. They are all human beings like the members of this committee.

Mr. SINCLAIR: I don't want a speech from the minister. All I want is an answer. I want to know what the British Columbia regional board or the Department of Labour are going to do about the 15 cents British Columbia settlements.

Hon. Mr. MITCHELL: You just made a speech for the boys back home.

Mr. SINCLAIR: I made a speech for British Columbia industry and labour, and for Canada. Somebody has to speak for British Columbia.

Hon. Mr. MITCHELL: I want to say this to you, and I think this is fundamental, that I do not know what the position of the regional board in British Columbia will be, but I do hope, as they have done in the past, that they will go through the machinery established by law.

Mr. SINCLAIR: All the British Columbia unions did.

Hon. Mr. MITCHELL: A great deal has been talked about 15 cents and 10 cents, and what have you, and perhaps this might be better stated when all the witnesses are through and we are in committee. In this case that we are discussing now, none of these organizations have complied with the law. The paper makers, sulphide workers and so on have gone before their own representatives of labour and management with a chairman, and while we are discussing this thing, as we have for the last ten days, probably many of us are not so well informed on the adjudication of these matters. I do not know what the Ontario regional board would have done with these disputes. I want to say this very frankly that I am afraid that I do not know what that regional board in British Columbia will do.

By Mr. Sinclair:

Q. I would like to ask Mr. Millard the same question I asked Mr. Justice Roach about acceptance of a settlement by your union. In the brief in which

you make your offer, you say you are not guaranteeing that the offer will be accepted by the union. It will be up to the union to decide whether they want it or not. And now, if this condition should obtain, you take a vote and then throughout your membership as a whole you reject it; but that in one plant—Algoma for example—they accept it; what is going to be your course from then on?—A. Well, I imagine that the vote in question will be taken for those concerned, but naturally if the voters decided to accept, then it seems to me there would be little we could do except allow that body to accept. That has been done in cases, accepting lesser amounts than those sought in a dispute. I cannot think of any other unions which have accepted less in the case of major disputes, but the local unions do have a certain amount of autonomy and can make decisions on their own. But in our case we consider it one shop, one strike, and the vote will be taken as a whole; and I am quite sure that all the bodies concerned will abide by the decision as a whole.

Mr. MACINNIS: There are one or two questions I should like to ask Mr. Millard.

Mr. CASE: I think I have the floor, Mr. Chairman.

Mr. MACINNIS: I was up at the time Mr. Homuth arose, and also when Mr. Sinclair arose. I have not seen Mr. Case on his feet until now.

Mr. CASE: I am willing to give way to you if you want the floor.

Hon. Mr. MITCHELL: I am sorry, I did not answer Mr. Sinclair's question directly, that in his brief Mr. MacNamara, at page 9, said:

"The Deputy Minister gave a firm commitment that he would request, etc."

Mr. SINCLAIR: That is correct.

By Mr. Case:

Q. Now, Mr. Chairman, I should like to ask Mr. Millard some questions, but before doing so I should like to put myself on record in this sense, that I have been under the impression ever since I came in here that this is a parliamentary committee sitting trying to discover a formula which will in some measure lead to a better understanding of the industrial disturbances which we find on our hands today. Unlike my good friends, Mr. Sinclair and Mr. Smith, I am not agreeing with anything presented in the brief. I will say that I think all the briefs which have been presented here have been very masterly presentations in relation to their individual application. What I want to deal with at the moment is going back to page 5 of the brief presented this morning and dealt with by Mr. Smith and Mr. Sinclair where it says:

"It is the policy to say "yes" to those who seek price increases and "no" to those who seek wage increases."

I want to ask Mr. Millard if he can tell me of anything outside of the steel increase and the increase in agricultural implements that have received consideration from the Wartime Prices and Trade Board? Can you tell me any in which the Wartime Prices and Trade Board—with the exception of the two I mentioned—where they received some recent increase in their prices?—A. I can only tell what I read in the press. That is all I know about it.

Q. It seems to me, Mr. Millard, it has been said in this committee that wage increases have been up 40 per cent during the same period of time. Have you any comments to make on that?—A. I did not hear you, sir.

Q. I say it has been suggested in this committee that during this period of time there have been wage increases now amounting to over 40 per cent, wage increases have been granted now amounting to over 40 per cent. Have you any comment to make on that?—A. Since when?

Q. Since 1939.—A. The only comment I can make is that about 40 per cent on wages is low in comparison with what is required for a decent standard of living. Forty per cent means nothing unless you know where you start.

Q. I know, Mr. Millard, and I am quite in sympathy with your social aim dealing with the standard of living, but I am dealing with the factual side. In your brief you state that the pattern has become to say "yes" to those who seek an increase in price and to say "no" in regard to any wage increase; and I am relating that to an increase in wages of 40 per cent since 1939, and I am asking you if you could tell me, outside of the bonus which has just been discontinued on milk, and the increase granted on agricultural implements and the increase on steel, do you know of any other increases granted by the Wartime Prices and Trade Board?

Mr. CROLL: Textiles have been increased.

Mr. CASE: I am asking the witness. He is the man giving evidence.

The WITNESS: I should like to say that I am informed that there has been a very long list this last month or two where price ceilings have been removed, and I believe by the evidence mostly given before this committee by Mr. Donald Gordon that there are a great number of things from which it has been removed; and Mr. Gordon said that many of those things did not have a direct bearing on the cost of living for the ordinary budget. But I believe Mr. Gordon himself told the committee they had removed price ceilings on a great many articles.

By Mr. Case:

Q. Could you give me the names of them, I mean outside of agricultural implements and steel?—A. We will supply the committee with a list that we have, I think it is something over sixty articles just recently, within the last two or three months.

Q. Which you consider basic?—A. Which we consider have a direct bearing on the cost of living.

Mr. GILLIS: May I ask you this question—If Mr. Case will excuse me for interrupting him—that statement under discussion had reference to the period from April 1946?

The WITNESS: That is right.

Mr. GILLIS: And not back to 1939?

The WITNESS: That is right, the recent period.

By Mr. Case:

Q. Now then, in your brief presented yesterday at page 3, you said:—

The union is not demanding one agreement to cover the entire industry. It does, however, ask for a general settlement with each company, so that the union's relations with each employer may be established on a more stable and orderly basis.

Then, turning to page 15 I read:—

The union will not be content to allow the present differential, or any other differential, to be maintained. The principle of uniformity was embodied in the memorandum of understanding that led to the settlement of the steel strike in 1943.

How do you reconcile these two statements, sir? That is you are seeking a separate agreement with each company, while on page 15 you say you will not be satisfied except by the levelling out of this differential?—A. Mr. Chairman, I think the member is asking a question which answers itself. We say

we are willing to accept separate agreements but we want certain basic understandings common to all those agreements.

Q. To all the agreements?—A. That is right.

Q. Now then, you spoke about the Steel Company of Canada and the application of the Rand formula and check-off, and I am suggesting this to you; you had some difficulty in introducing the effort to unionize the steel company's plant?—A. Yes.

Q. Now, for instance, Mr. Hilton on page 9 of his brief said this, down in the second paragraph:—

As recently as May, 1946, an official count of the membership in good standing carried out under the supervision of an official of the Department of Labour showed 2,256 such members out of a total of 4,868 employees.

In other words that is less than 50 per cent who were recognized as members of the union.—A. Mr. Case, Mr. Hilton forgot to put in his brief, very conveniently forgot, that when these cards were checked and the results were made known to the chairman of the conciliation board the union very seriously protested and challenged that action, and nothing has been done regarding that count since. But in my submission to the committee on page 9 of the preliminary submission I pointed out that when the vote was taken in the Steel Company on the ballot which you have now attached to your larger brief, we said at that time that there was eligible to vote, whom we considered members in good standing in the bargaining union, 3,853 eligible members.

Q. Can you indicate to me what percentage that would be of the total employees?—A. It would be approximately, I would think 80 per cent—from 75 to 80 per cent.

Q. Were they considered by you to be members in good standing?—A. We considered them in good standing. They had joined the union, had paid their dues, they were within the three months, so we regarded them as being in good standing.

Hon. Mr. MITCHELL: If I may comment at that point, I would like to ask Mr. Millard this question: I think you said that in your opinion there were 3,853 eligible members, they each signed a card did they not?

The WITNESS: Yes.

Hon. Mr. MITCHELL: How many of those cards did you turn over to the scrutineer, Mr. Inch, I think it was?

The WITNESS: There were in the neighbourhood of 4,000 cards submitted to Mr. Inch, the scrutineer, in the shop, and I am told by the president of the union who is here that a large number of the cards were disallowed because they were not signed on the back. In other words, they were signed on one side but the application did not have the man's signature on the other side, and Mr. Inch disallowed them.

Hon. Mr. MITCHELL: My information was that it was just over 3,000. Of course, I have the formal report which was sent to me.

By Mr. Case:

Q. I won't start questioning the witness' answer because all I am interested in is the answer you gave me. I wanted to determine how important a factor the union was in that plant, and I am just trying to bring out a certain phase of the evidence that may have a bearing on our final decision. And now, you spoke yesterday in your brief about unsatisfactory working conditions, or something to that effect. It is a quite lengthy brief and I haven't the page marked exactly, but you referred to something in the nature of a need for better working conditions, and if that were brought about more people would be employed. I think that is a fair way of expressing it. I am interested in finding

out just what the working conditions were in that plant.—A. Now, you are referring to the fact that I mentioned in my brief yesterday that Mr. Gillies, the General Manager of the Steel Company of Canada at Hamilton, made the statement in negotiations—and there are here present two or three of us who participated in those negotiations—and it was said that there were many men who had not come back to the company, who had worked for the company, and who on return from overseas had a claim to a job but who were passing by the store, that they did not want to go back to work in the steel industry.

Q. No. Well, I have in my hand at the moment this publication of the company called, "A Message to Employees," dated June, 1946, and I turn to the last page where it says:—

Employee subscriptions to the Ninth Victory Loan reached a new high of \$2,876,500, boosting the grand total of subscriptions for War Savings Certificates, War Loan and Victory Loan bonds to \$13,276,828.

Now, I imagine that is a reasonably factual statement, and it would seem to me to indicate that the workers were imbued with patriotism from the patriots point of view to assist the war effort. And I would relate that with the following paragraph which reads along these lines:

During the year 155 employees completed 25 years' service and were presented with gold watches on admission to the Quarter Century Club. Total membership in the club is now 1,437, including 177 pensioners.

That would seem to convey to me the thought at least that if there were 1,437 members of that Quarter Century Club; that is with 25 years' service, that there must have been something attractive about employment in the Steel Company at Hamilton. Would you have any comment there at all?—A. I would like to say regarding your first point, the subscriptions to Victory Loan drives, that I think the record of the Steel Company is largely true throughout the whole steel industry, and, it would be an interesting thing to know how many of those bonds are still retained by the people who bought them. We have found that a great many of them had to be cashed soon after they were purchased, or as soon as they were paid for on the instalment plan. On the second point, I do not think there is clear evidence in the brief submitted by them, that of the large number in the Quarter Century Club membership, there were a little over 500, according to Mr. Gillies, in the bargaining union actually in the working force of the company. The remainder are in a supervisory capacity and that type of position in the company. Seriously, I do not think it is necessarily true that because you have a large number of long service employees—there are many reasons why when a man gets beyond a certain age that he is not free to change his employment. Sometimes they don't have enough money to move in the first place; and, in the second place many of them are too old to start over again, and so they go on hoping there will be a place for them at the top in their later years.

Q. Now, I am going to read the fourth paragraph:—

Payments totalling \$265,007 have been made from the Military Service Plan to 377 eligible discharged veterans and the estates of 25 former employees who sacrificed their lives in the service of our country.

Now, my only reason for reading that was that I asked you in the beginning if you had some difficulty in unionizing the Steel Company plant, and I am wondering if the contributions made to the employees welfare fund had been one of your difficulties; that is to say, they had in the main good working conditions with their employees?—A. Well, they have what might be commonly termed a paternalistic attitude in many respects in that they have tried frequently to buy off many of the employees from belonging to the unions. I think that Mr. Hilton in his submission to the committee indicated that prior

to the coming in of the union and the certification of the labour court of Ontario that they had paid previously 2, 3 and 4 cents per hour in basic rates and most other rates through the company higher than those paid in the unionized class; and always there were appeals being made by letters and otherwise to members of the plant—you don't need to join the union; in other words, we will do better for you than the union is able to do. Well, unfortunately for the union during the war when the wage controls had reached the point where they could not go any further the union caught up. Then I believe it is a matter of evidence that there was a wish on the part of the employees to join the union and to feel free collectively to bargain through their own agency, and because when that time arrived that no longer the Steel Company of Canada could buy them off, then they all joined the union. Then, when it came to a matter of taking a vote at the plant a great many of the people who had not joined the union, some of them I presume because they were offered large sums of money—did vote in favour of the union although they were not yet members of the organization.

Q. Now, Mr. Chairman, in view of Mr. Millard's statement I am going to read a little further, because this point either substantiates or breaks down what he said inasmuch as it might help to explain what was said about the Steel Company having paid money for certain purposes. I read this:—

A special Christmas bonus was paid to payroll employees last December at a cost to the company of \$190,937.

Vacations with pay were enjoyed by 6,736 payroll employees at a total cost to the company of \$320,898.

An amount of \$302,472 was paid over to the Pension Plan Trustees during the year and, at the close of 1945, 201 former employees were receiving pensions.

Total disbursements for the year under the Benefit Plan were \$145,378. These were made in 1,229 cases of illness or non-industrial accidents and 77 death claims.

The staffs of the various works include 1,258 sons, daughters, brothers and sisters of other employees.

And that is substantiated in Mr. Hilton's brief at page 8—I am not referring to the transportation of the brief, but to page 8 of the original brief, where it says that there are 463 sons of employees presently engaged, 165 brothers of staff employees, 97 nephews of staff employees; 157 in-laws of employees, and 38 cousins of employees. An it comes down to this that there are 920 total relatives out of a total of approximately 5,000 employees. His object, of course, no doubt is to indicate a desire on the part of families to continue the contact that their forebears have made. Now, I come to this. You were questioned on this by Mr. Smith, and he agreed with you in part. I am going down to the bottom of page 13 of your last brief, where you say: "We therefore propose that, commencing in January, 1947, steelworkers' wage rates be adjusted upward from month to month by one cent an hour for each rise of one full point in the cost-of-living index above the index figure for July 1, 1946." Now, that seems to be a reasonable approach, but I want to ask Mr. Millard this: having determined he is seeking a formula whereby the manufacturers or producers will not come to Ottawa seeking to increase their prices for the goods they have to sell, I wonder if we could apply that same formula so that those who are gainfully employed will remain reasonably stable in the same period, and the question I am going to pose is this: will you then say further that you will accept one cent an hour less if the index goes down below the basic figure you are using in relation to the settlement of the strike?—A. I would like to say first in reply to that question that I believe it is purely academic; that there is not the slightest sign of any downward revision in the

cost of living; secondly, I would like to say the union has, as you will note in our proposal stated that they are prepared to go six months behind—lag behind the rise in the cost of living before that adjustment takes place next January. It seems to me that the opposite should hold true. If there is a temporary or a slight decrease then we ought to lag behind for at least six months to see what takes place. I cannot answer the question until we get there.

Q. In reply to Mr. Howe you said this or you used words to this effect: we want to be in a position where everyone who goes to Ottawa cannot get a price increase and lift the cost of living if labour is not going to receive the same consideration for that. I suppose for the moment I could say that you would accept that as a proper working formula. By the same token, we know that the railroad workers at the moment are considering an application for an increase in their wages, and I am not saying for one moment that they may not be entitled to it—that is not my business—I am saying that all these factors have a tendency to put a pressure on the price ceiling, so it means that what is sauce for the goose is sauce for the gander. Now, this committee are eventually going to render a report to the parliament of Canada. I think you have indicated to a great extent, coming here as you have with a substantial brief, that you have a certain faith in this committee which is representative of various people. I think there is only one manufacturer on the committee, so in that sense you are getting a good break. Most of us are ordinary everyday citizens seeking to render some service to the country. So I say to you, knowing that all these factors are here and that we can all play a certain part in an endeavour to keep the cost of living down, would you be prepared to write into your brief along with what you have said, and using the figures you have used in your brief: "We therefore propose that, commencing in January, 1947, steelworkers' wage rates be adjusted upward from month to month by one cent on hour for each rise of one full point in the cost-of-living index above the index figure for July 1, 1946,"—what would you say to taking one cent per hour less if the index goes the other way? That is to say, there would be no further reference; it would be settled. We would know and there would be no further unrest. My whole object is to try to avoid a repetition of this constant unrest. We would have a formula to use indefinitely. Would you write into your brief an agreement to accept one cent less for each point the index drops as compared with July 1, 1946?—A. I have already said to the committee that to accept such a proposition would be to say in effect that we believe that the standard is sufficient—the standard wages are sufficient. I cannot accept that premises and cannot give any promise.

Q. I doubt if I got my question across properly. You are quite right in saying that I should not ask you to anticipate this drop, but you are anticipating an increase and probably that is proper. But I have a right to anticipate a possible decrease. I am asking you, would you accept that as a reasonable formula if it goes up one cent? In other words, suppose what you have here works out and after January 1, 1947, the index does start to go up and it stays up until we get it in accordance with your formula and then by and by the index begins to drop; are you willing to take that one cent off as the index drops one cent? Do you want your level to remain there? Because whatever goes up is sure to come down and sooner and later there will be an index decline; we must anticipate that?—A. That is a matter I would be prepared to work out in collective bargaining with our employers.

Q. Thank you.

By Mr. MacInnis:

Q. Mr. Chairman, I would like to take up some of the questions that Mr. Case asked Mr. Millard without reading from the booklet which Mr. Case has read from. The booklet has been produced and distributed by Stelco and

it gives the growth of the company and the benefits accruing to the employees from the company and the benefits accruing to the shareholders, which Mr. Case did not say anything about, and the benefits accruing to the public. Do you think that all these benefits are paid out of the money or the wealth created by the employees by applying their labour to the raw material that is brought into the plant?—A. I do not see any other source from which it could be paid.

Q. Well, then, is your position in regard to the benefits paid to the employees that you would rather have these benefits as a right through wages than as bonuses or other payments given to you at the will of the company in whatever proportion they think necessary?—A. I certainly would rather have them, and I am quite sure I speak for the employees of Stelco when I say they would rather have them as a matter of right and agreement than arbitrarily decided in any paternalistic sort of way, and in that regard I would like to answer Mr. Case and say that it is my understanding and my information that the Christmas bonuses have been discontinued by the decision of the company itself.

Q. Another question which I would like to ask you deals with the matter of wage increases and the time and the agreement. I decided to ask this after hearing Mr. Smith mention that, in his opinion, it was not desirable or fair that you should ask for increases at a future period, not knowing what that period would be. Your first demand for an increase in wages was for 19½ cents; is that correct?—A. Right.

Q. Then later on in negotiations you made an offer of 15½ cents across the board?—A. Correct.

Q. With the wiping out of the differential at the Sydney plant?—A. Correct.

Q. On this occasion you are still insisting on the 15½ cents; is that correct?—A. Yes.

Q. And you want that 15½ cents—before I ask that question may I say this: if you had entered into an agreement with the employing company through direct negotiation or through the commissioner that agreement would be for a term, for one year—April 1946 to April 1947?—A. Yes.

Q. So that this agreement—if an agreement is signed on this basis—this also will be for a term from April 1946 to April 1947?—A. Yes.

Q. There is nothing in these proposals that was not in your previous proposals, and they impose no condition for a part of that period that would not have been true if your former proposals had been accepted; is that correct?—A. That is right.

Q. There is nothing in that way that the companies would have to agree to that they would not have had to agree to before if they had signed the agreement? Now, you are asking for 10 cents retroactive as from April 1; that is a proposal?—A. The first one is the restoration of the differential.

Q. The restoration of the differential; and then your next proposal is 10 cents retroactive as from April 1, 1946?—A. Yes.

Q. Would you care to make clear to the committee again your reasons for putting forward that 10-cent proposal now instead of asking for a lump sum as from April 1?—A. Well, we have tried to indicate in the brief itself, but I might clarify it a little further. We did not accept that 10-cent figure, but we did accept the proposition that it seemed to be the understanding of Donald Gordon and of Mr. Hilton that there was at least 10 cents in that price increase that was supposed to be for wages. In fact Mr. Hilton mentioned 11 cents, but he said there would have to be something for the salaried workers in the amount to be paid out by increases. So we have taken the 10 cents as an approximate figure that was included in the price increase and we have dated it back to parallel the time when the price increase became effective, and therefore the period of time that these companies have enjoyed extra revenues derived from the price increase, and we decided because of Mr. Gordon's plea that an undue amount going into purchasing power at the moment might create an undue strain on the

price ceiling in consumer goods—therefore we decided that we would postpone payment of part of the 15½ cents until production gets rolling and everything else gets into high gear; because I say frankly to the committee that I am hopeful that if the committee can find a solution they can find a similar solution for the other disputes that are taking place. I would hope that that could be done and that we could get to operations as soon as possible. Therefore, my object, or our object, because I speak for the National Advisory Committee, is that we should postpone a part of this until production gets into high gear. That was our only reason. We believed we were entitled to 15½ cents—yes, even before April 1, we were entitled to that; we had it coming to us. We believe we are entitled to that much more now that the cost of living has gone up 5½ points since April 1; but in order to meet this battle and hold the price line, believing it is in the interests of the steelworkers, we are prepared to sacrifice still further and delay the payment of the entire 15½ cents to a later date.

Q. Then you are accepting the 10 cents now in order to obviate Mr. Gordon's fear of inflationary tendencies, caused by the 15 cent increase all at once?—A. That is the chief reason.

Q. Increases in wages now, taking the index, are considered as from 1939, is that correct?

Hon. Mr. MITCHELL: 1941.

By Mr. MacInnis:

Q. In considering the increase that takes place in wages the year 1939 is usually taken, is it not?—A. Yes, that is right.

Q. Do you remember what the wage rates were in the three companies—the basic wage I think it was—in 1939?—A. I believe it was 46 at Stelco, 41½ at Algoma and 43½ at Sydney.

Q. 46 at Stelco?—A. Yes, 46 at Stelco.

Q. Do you consider that a satisfactory wage?—A. No. We were very much dissatisfied with it. There were a number of conciliation boards and there was a great deal of difficulty regarding that at that time. We were still looking for wage increases in 1939 and 1940.

Q. It was a wage of the depression period; is that correct?—A. That is right.

Q. Consequently it was a depressed wage?—A. It was a wage that corresponded with long hours because it grew out of working longer hours than the eight-hour day.

Q. You do not accept—although basing to some extent your demand for wages on the cost of living, you do not accept the proposition that a worker should never go beyond his cost of living—never go beyond a certain wage that would have a relation to that cost of living?—A. I cannot accept that standard.

Q. What would you require as being fair is that the worker should get his full share of the increased productivity of the wealth of Canada regardless of whether or not the cost of living went up or down?—A. We believe that the workers of Canada and the steelworkers are entitled to the highest standard of living that our natural resources with our productive equipment and manpower will provide.

By Hon. Mr. Mitchell:

Q. I am going to ask these questions because, after all is said and done, it stems back on the administration. I think we are all agreed on the question of wages that they must go up under the present circumstances. Do you believe in arbitration by law—compulsory arbitration?—A. No.

Q. I thought you said the other day in answer to Mr. Smith that you almost agreed to that proposition?—A. I think I said that we would like to

get to the place where we could settle matters, such as this wage dispute, by arbitration by consent of both parties.

Q. You do not believe in arbitration by law?—A. No.

Q. Do you believe in strike collective bargaining?—A. Yes.

Q. Without any interference from the law whatsoever?—A. As little as possible.

Q. You cannot have a little bit of law. You either agree with compulsory arbitration by law, or you do not; you believe in collective bargaining, or you do not. You cannot temper the two things.—A. Mr. Minister, with all due respect, I cannot accept that proposition. There is a law in our National Labour Code which says that when a bargaining agency is certified it is up to the employer to enter into collective bargaining. I do not think the law gives you much beyond that point. There is a law that says that both employers and employees are expected to bargain.

Q. They are both equal before the law; both employer and employees are expected to bargain in good faith. There is nothing compulsory about that. It is so obvious. I want to get these things clear in my mind because there is a question of machinery that might take the place of the present machinery. You know, of course, Mr. Millard, that even the order P.C. 103 was made possible by the War Measures Act?—A. I believe it was an order in council under the War Measures Act.

Q. In doing that the federal government cut across jurisdictional rights of the provinces?—A. They took some of the authority to deal with these matters that the provinces ordinarily have.

Q. What do you think we should do when the present substitute for the War Measures Act, if I may put it that way, expires?—A. I believe that each province should be requested to consent to a national labour code that would provide minimum standards of collective bargaining machinery across Canada.

Some hon. MEMBERS: Hear, hear.

By Hon. Mr. Mitchell:

Q. I think we will all agree on that. I took it from what you say that under the law in this country jurisdiction over these matters, from the nature of things, must be returned to those who have the responsibility, and that is the province.—A. I believe that with regard to finance, the provinces have certain jurisdiction and I believe it is now the intention of your government to make some kind of an agreement with them. I do not know why that agreement cannot include an agreement on collective bargaining and the standard of living.

Q. That is not an answer. You cannot break a law by agreement. Although I think the suggestion that my friend makes is a constructive suggestion, what you mean is that when the provinces get their jurisdiction together that it be suggested that they have a model labour code, if I may paraphrase it that way?—A. Mr. Minister, I am faced with this difficulty, as an officer of a union, that the federal government exercises practically no control over provinces in Canada in respect to this. If we are going to allow a condition where the provinces are going to be allowed to adopt their own labour code, their own type of legislation in regard to collective bargaining, then we are going to be faced with the fact that unions, railway, rubber, steelworkers and other unions are going to have to obtain officers in each province versed in the particular types of legislation they have. These companies we do business with are located in various provinces and certainly we in Canada want the same standards and it seems to me that the time has arrived when the federal government should seek the consent of the provinces to enact a national labour code. I suggest to the minister and the members of this committee that surely the committee can make some worthwhile contribution by recommendations along this line.

Q. I am going to step further. After all is said and done, I am a minister of the Crown. I cannot break the law just to satisfy my own thoughts and predilections on these matters. There is, I think you will agree, a procedure whereby the laws of this country are changed. If you do not like a law, you get the kind of government that gives you the law you want. Supposing that I agree with you in what you say, possibly that some of these industries should be on a national basis, that failing to get that, is not your appeal to the people, and on that basis would you be prepared to go along until we get that power, and obey the law?—A. Mr. Chairman, it is not a matter of being prepared. It is a matter that we have to accept conditions as they are.

Q. That brings me to another point. You have been a student of trade unions, like myself. Do you believe in having labour representatives on boards set up by the government?—A. I am not very fussy about them partly serving in an advisory capacity, but I do believe that in administration boards there should be labour representation.

Q. We will take the national war labour board and the regional board in Ontario. Are you aware who made the nominations for the employer and employee representatives on that board?—A. I do not know.

Q. If I say to you that your parent organization nominated one of those members, would you say it was correct?—A. I would accept that statement.

Q. You know the man's name as well as I do—Mr. Robinson, a friend of yours and a friend of mine. I go a step further. Having agreed on the principle of labour representation on these boards, is it not good trade union practice to appear before these boards in the adjudication of wages in order to maintain a stable price structure in this country?—A. I am quite prepared to go ahead and answer that question, but I understand the steering committee has decided that they are going to have here shortly a spokesman for the Canadian Congress of Labor, Mr. Pat Conroy. That is the central labour body to which our union is affiliated, and I would much rather that Mr. Conroy would speak for that body. I am just speaking for the steelworkers.

Q. Just speak for the steelworkers, then. The question is, believing in the principle of labour and employer representation on board, why was it that your organization did not appear before that board in the same manner that between 85 and 90 per cent of other organizations have done in this country from the Atlantic to the Pacific? If you are not going to answer that, I want to get to this point. Might I suggest this to you. Do you understand the principle of syndicalism?—A. No, I am not a politician.

Q. Syndicalism is the principle of forced legislation by strike action. That is it simply stated. I do not know that I have anything more to say to you except this, that I still feel that no organization or no body of men should be afraid to appear before a jury of their peers if they have a good case to argue. The figure of 85 per cent will substantiate that. I think Mr. Sinclair raised a point today where some organizations in British Columbia had gone to the regional war labour board—

Mr. SINCLAIR: Every one of them.

By Hon. Mr. Mitchell:

Q. I am in this very disagreeable position where I cannot break the law, and I do not want to. There is a way of changing laws without bringing into play the fundamental principle of syndicalism that flared in Europe after the last great war. I just want to ask you one further question, and I will sit down. I do not know whether I asked you this before. If I did, I am sorry to repeat it. Do you believe it possible to have price control without a measure of wage control?—A. I think I answered that question previously that I believe that to have effective price control there ought to be co-ordination of a measure of wage control in the reviewing stages.

Q. Assuming that your organization or any other organization got 25 cents an hour increase, do you think if that were granted right across the board that it would have an inflationary effect and force up the cost of living in Canada?—A. I think it is quite possible if there were not proper controls and other adjustments made.

Q. You think that would not deflate the purchasing power? It is not what you have in your fist; that is not money. It is what you can buy with it if you get it; that is money.

Mr. GILLIS: If we were using the full capacity of Canada to produce, you would not have that.

By Hon. Mr. Mitchell:

Q. You had better ask that question yourself. I admit that I know it is a matter of opinion. Thank God we can hold an opinion in this country of ours. It is a matter of opinion as to whether the workman's cause will be best served by the complete abolition of price stabilization to free collective bargaining or a measure of price control of where the stabilization is that we have at the moment. It seems to me so crystal clear that you have to choose your weapons. I think this myself personally, and I am expressing a personal opinion, that I question very much whether you can maintain price control even with a 10-cent increase. I say that frankly as an individual. I would like to see the workmen get more. I went through that terrible experience after the last great war. I came back from war, got married and saw the terrible inflationary movement and the punishment the working class took at that time. What I think is this, whether it is not best to use more restraint until we get over the hump and the goods are flowing. I think that will be a better protection for the working class rather than a deliberate policy of blowing off the lid and let prices go where they may, like they are in the United States now.

By Mr. Charlton:

Q. As I understand that I am the only farmer representative on this committee, I would like to direct a few questions to Mr. Millard. On page 102 and 103 of the minutes of evidence, there was a question by Mr. Maybank and I quote it:

Q. Let us suppose that an agreement between employers and employees in this particular dispute of any sum of money per hour that we like to name, and for illustration we will fix it at 17½ cents an hour is agreed upon. Would you not agree that whatever is done in that respect will likewise be done in every other case across the country?—A. I think it would be generally recognized that it would form a pattern. Q. That would be a pattern for all other cases if it were settled that way?—A. Yes. Q. Then while one must agree that any wage increase in general might not necessarily lead to inflation in considering the matter here today, is not it so that we should consider that whatever settlement in steel will be the settlement in all other cases? I mean, we have to look at it this way?—A. I think that one would have to assume that, by and large, the same design would be followed by other trade union bodies and by other industries, and that there would be a general increase approximating the pattern set in steel.

To follow up that statement, Mr. Millard, did you include agriculture in that reply?—A. I believe the reflection would finally find itself into agriculture. Once that labour has more money to spend the prices in agricultural products would go up. I made that plain in another place in my evidence. I think that we have to increase our domestic markets and the agricultural market has not been raised to a proper level in Canada. We should raise wages so it will raise more money for the farmer.

Q. Do you agree that the farmer is one of the largest purchasers of steel products in Canada, as well as of any other industry?—A. Yes.

Q. Here is another point. Are you aware that according to statistical reports the farmers' purchasing power has increased 38 per cent while labour's purchasing power has increased 64 per cent?—A. I am not aware of those figures at all.

Q. To follow that question up, you were asked what the wage rates were in 1939 and you gave those rates and said they were not adequate. What was the wage rate in 1932?

Mr. GAUTHIER: No one was working in 1932.

The WITNESS: It was between 30 and 35 cents. That is, for those who were working.

By Mr. Charlton:

Q. It has been shown since—?—A. I just got the answer to your last question, Mr. Charlton. It was 27 cents at Sault Ste. Marie in 1932.

Q. It has been said that wages ordinarily do not get down to near the standard of price of farm products as quickly as farm products do?

Mr. GILLIS: I started in at five bucks a month.

Q. Has your executive given due consideration to the possible effect on the cost of living of the 40-hour week and wages increases as outlined in your report as it would undoubtedly affect agriculture?—A. I do not think we are in the possession of facts with respect to agriculture enough to take this into consideration. The market has been exploited in Canada and the farmers must be able to take the things away that we can produce in cities and towns.

Q. Well then, just dealing with that, do you believe that agriculture can compete with labour under those conditions without a corresponding increase in the cost of agricultural products?—A. I doubt it, I do not think they can.

Q. I take it that your whole argument behind the idea of price control is what you have set out on page 3 of your brief?—A. We support it fully.

Q. Price control?—A. Yes, that is, as long as it is price control.

Q. Yes. Will you agree with me when I say that farmers cannot very well give a direct cost of production?—A. That is one of the factors, naturally.

Q. I know, but how are we going to control the cost of production without a fairly stiff control of manufacture?—A. Well, you may have to have insurance for that.

Q. As you say on page 14 of your brief:—

These companies can pay the wages sought. In the case of Dosco, it is the responsibility of the company to prove otherwise. In any event, the employees of Dosco cannot be expected to subsidize the undertaking. If the company requires assistance to enable it to pay a decent standard of wages, then it is the obligation of the government of Canada to meet that requirement.

And we just say here, Mr. Millard, that you do agree—or, do you—that the farmers of Canada have been subsidizing the consumers to the extent that they have been forced to take \$1.25 for domestic wheat and \$1.55 for export; that is, a world price of so much a year?

Mr. CROLL: For a four year contract.

By Mr. Charlton:

Q. In the past the farmers have been asked to take that price?—A. I am not an expert in that field.

Q. If that is true, they are subsidizing the consumer to that extent?—A. That is right. I imagine they are.

Q. It is \$1.25 on domestic and \$1.55 on export; then, if that is true they are also taking a subsidy, the consumers, on the price of domestic wheat to millers that is $77\frac{3}{8}$ on wheat, I believe. You see the advantage the consumer is getting at the cost of the producers in the country. And now, according to your figures at page 17 of your brief, Mr. Millard, taking an average base of 61 here since 1944 there has been a large wage increase. The base rate in the United States is now 97 cents, $33\frac{1}{2}$ cents above the rate in two of Canada's primary mills, and $38\frac{1}{2}$ cents above the rate in Nova Scotia, and now, you take the average of those two and I take it that would be fair, would it not; then, 61 cents is the base rate. I am not at the moment concerned with the number of employees, I know it varies as between the different plants, but take the difference between the two.—A. It is 61 cents.

Q. That is the present day's rate across the dominion?—A. Well, approximately. It is 64.5 in one place and $59\frac{1}{2}$ in the other.

Q. That is right. That is around the 61 cents.—A. Yes.

Q. Well, taking that as a base your percentage according to the United States price would be 62.8 per cent of the United States price. The cost of living as compared to ours, we are 79.2 per cent here. Now, on the basis of your original demands for an increase of $19\frac{1}{2}$ cents, that would give you a percentage of 85.6 in proportion to the United States rate now on the basis of 10 cents an hour, and that would be 75.7 per cent. Now, just compare that with the difference in farm prices as of June 1946. The rates were 109.4 in Canada, 149.3 in the United States, being a percentage base of 73.3 per cent. But, to follow up Mr. Case's question, you have on the summary of your brief this morning the same question Mr. Case asked you:—

A monthly adjustment, commencing in January 1947, of 1 cent per hour for each point by which the cost of living index rises after July 1, 1946.

Now, we will suppose that that gives you the difference between 123.6 and 125.3 of an increase automatically on January 1, does it not?—A. What?

Q. That would give you an increase as of the first of January, 1947, of the difference between the cost-of-living index as of July 1, 1946, and as of August 1, which I understand is 123.6 as against 125.3?—A. No. I said this morning, Mr. Charlton, that I was hopeful that we would not have to collect anything as of the first of January; in other words, that there would be no further rise in the cost-of-living index between the first of July and the first of January. That was the statement I made this morning. If there is no rise in the cost-of-living index between the first of July and the first of January there will be no adjustment on the first of January.

Q. No. But according to your statement here I take it that if there was a rise of the amount I have indicated in the matter of the cost-of-living index between the first of July and the first of August, and that would entitle you automatically to an adjustment.—A. But, Mr. Charlton, there are no figures on that yet.

Q. I thought you gave us a figure of 125.3?—A. That was the first of July figure, it is a month late in getting in print.

Q. In any event if the cost of living did go up ten cents between now and the first of January you could get a ten cent increase per hour?—A. That is right, yes.

Q. If the cost-of-living index was to drop between the first of January, 1947, and the first of January, 1948, to the extent of 15 points would you be willing to take a 15 cent reduction?—A. I have already answered that question. It is very hypothetical and purely academic.

Q. I would just like to hear your answer. In order to be fair to agriculture our prices would have to go down and we could not be expected to produce

your food, which we have to do.—A. If we did that, having regard to that proposition, we would not have the purchasing power and I am afraid that your prices will be heading for depression. That is all that would happen to the farmers.

Q. But it works both ways. You are purchasing our goods, and, incidentally, our costs will naturally go up as your wages go up and steel prices go up. Ours would naturally go up. We would have to have more to take care of wages.—A. I would like to point out that we do not agree that every wage increase demand is a further increase in the price of steel. We do not agree to that. That is what has taken place, unfortunately; but we do not believe it is necessary. We believe there is a larger margin in there where there might not be any requirement for any increase in the price of steel at all.

Q. But you do feel that this present figure will bring you somewhere near the standard?—A. We hope it will bring us nearer the standard, which we have never yet enjoyed.

Q. Then it would seem fair that if you were to get an increase for every point the index goes up that you ought to be satisfied to take an index when it comes down?—A. A lot of other factors would need to be taken into consideration.

Right Hon. Mr. HOWE: Mr. Chairman, I have a newspaper item before me about which I would like to direct a question to Mr. Millard. My question is this and it is founded on an article which appeared on the front page of the *New York Times* last Sunday, which I will read. It is interesting and I think very pertinent to the case. The question is this: Donald Gordon made the statement in the course of his evidence that if there was more than a general rise of ten cents an hour price control would be ended so far as he is concerned. Now, let me take that at its face value for the moment. What would be your opinion then in the light of this article—I do not know the authenticity of it, except that the *Times* is a very reliable paper. This is headed:—

CIO, UAW DROP PAY-RISE DRIVE; OUT TO SAVE DOLLAR BUYING POWER

By WALTER W. RUCH,

Special to the *New York Times*

DETROIT, July 27—The Congress of Industrial Organizations in general and the United Automobile Workers in particular have abandoned any thought at present of new wage increases in favour of an all-out effort to preserve the present purchasing power of the dollar, it was learned to-day.

It may be stated on high authority that the UAW has decided, in concert with the CIO, that to make a fresh wage demand at this time might set an inflationary spiral in motion. At the same time, the leaders of the UAW feel that the increase of 18½ cents an hour which was won last winter through the strike against the General Motors Corporation has been wiped out through price increases.

According to these sources, the executive board of the CIO at a meeting in Washington last week voted unanimously to abandon the trend of labour unions in this country to seek wage increases to consolidate the gains won last winter. As one leader puts it:—

We want to be sure that there are still 100 cents in the dollar.

This matter will be on the agenda for the meeting of the international executive board of the UAW, beginning Aug. 5 and it is expected to emerge as the established policy of the largest union in the world.

I will now submit my question: Assuming that we must take Donald Gordon's word at its face value, that he will not undertake to administer price control if there is a general increase of more than 10 cents an hour, do you still insist on a contract at this time for an increase during this current year?—A. I still insist on behalf of the union which I have the honour and privilege to represent that the wage increases which we are asking and the manner in which we are asking for them will not have the inflationary tendencies about which Mr. Gordon seems to be concerned. We have made it very plain in answer to the questions that there must be a penalty for the failure to hold the price line. We have also asked firmly of the employers that they join us in an honest and all-out battle to hold the price line. We are asking that we shall be brought up in line with the price increases that have already taken place, and then we hold that line; and then, have the employers and the rest will join together with the government agencies concerned and hold that line at that figure. And then we are asking as a protection that if the line cannot be held that in the case of a further change that the present values at least will be retained to labor. That is all we are asking for the steel union. We do not believe that what we are asking will have any inflationary tendency at all in this country if everybody is determined to hold the line on prices.

Q. You are somewhat begging the question there, I suggest. However, let me explore it a little longer. The price rise is consequential on the about 10 cent increase in wages which has already taken place, as you know out of the \$5 a billet ton which is already in force. The consequential increases in other commodities have taken place on a considerable scale; in other words, had a special influence ahead of their rise, and consequent upon the steel rise other prices have had their rise. But you agree with me, I think, that if we are to give further raises in steel wages there must be further increases in the price of steel and further big increases in the overall price structure. I think that is obvious.—A. I cannot agree with you.

Q. Perhaps not. But it seems to me common sense where it happened before, that the 10 cent wage increase emerged out of a general increase in steel prices, and I think that any further wage increases must arise out of further increase in the price of steel, which will have a similar effect on the general price structure. You have already said, I think, that all the settlements that have been given to date—for instance, the 10 cents an hour at the Sudbury plant of the International Nickel Company; the 10 cents in all the forest products industries east of the Rockies, and a great number of other increases that I have mentioned, would have to be revised if the pattern were changed. You are asking for a new adjustment here, and obviously, if these wage changes are granted they will affect the price structure to that extent. You agree with me on that?—A. I cannot agree with you there, for this reason, that we are convinced, whether rightly or wrongly, from our examination of the facts that the Steel Company of Canada could have paid 19½ cents before April 1, before they got the price increase. And now, it is not fair to say that the 10 cent increase corresponds with the price increase because that company by squeezing more of their profit margin and by taking out of the moth balls some of their reserves which they have, some of their position which has been created during the war period, they could have met our demands for 19½ cents without a price increase. And now, it is not fair to join our present wage demand simply to the price increases that have been given. If the Steel Company of Canada had been dealing we feel in good faith and had disclosed their condition to us they could have paid us the 15½ cents we were asking before April 1, and they would have had as complete a margin of profit and margin of safety as before the extra derived from the price increase. And I cannot agree with you wholeheartedly when you say that if there is a further change in the wage structure at Sudbury that it is going to require a higher price on

nickel. I believe there is another illustration of a corporation which could have paid, could have met the wage demands of the workers without any price relief from the dominion government. The same may hold true in other industries, particularly in the automobile and the rubber industries. Here you have a company, one of the largest rubber companies in Canada—I am not speaking for the rubber people—but they have been making 200 or 300 per cent on their invested capital since they came into Canada. They did not require price increases to pay the wage demand of the rubber workers; they could have paid them all before without increasing prices to the Canadian people. I cannot go along with the proposition that because we get, I say possibly 15½ cents that that is going to burst the wage ceiling or that it is going to have these people coming back here demanding further increases. I do not believe that is necessary, and I believe that before any further price increases are given because of increased wages that there ought to be a fuller examination of the facts than there was before the last price increase was given.

Q. In other words, you and I differ on this subject; you take one view and I take another.—A. That is quite natural.

Q. I do not know that it is natural. I have no interest in steel companies; they are just another headache to me. You say that if Donald Gordon is correct—if he cannot hold up the 10 cents, and if he happens to be right and you happen to be wrong—you say let it go?—A. No. I say I do not believe that Donald Gordon, with all due respect—he expressed an opinion here the other day—and I do not think, with all due respect to Donald Gordon that he considered that the line cannot be held until we all give it a try. He cannot prove it.

Q. Perhaps he cannot prove it; but if he did open it up wide you would rather get your raise and let the price ceiling go. If Donald Gordon quits I do not know who is going to take his place. I had a little experience with these administrative controls that get too hot to handle, and I had to drop them because I could not handle them. I think price control is in that category, and I believe if Donald Gordon throws up his job—which he has a perfect right to do as a free citizen—that price control is out for good. I would like you to admit that if that happens you still want your wage increase and that you think everything will work out for the best?—A. I would like to have this wage increase put into effect and give this thing an honest trial to see what can be done. Mr. Gordon admitted that there has not been at least sufficient co-ordination between wage control and price control; there has been a very loose liaison between the two; I should hope that if we could get some of these other adjustments made that we recommend such as an industrial council and so on that we might be able to work this thing out without the uncontrollable pressures that Mr. Gordon envisages if a wage increase beyond 10 cents takes place. I would hope that Mr. Gordon would stick to the ship and that we could co-operate with him to make sure that we do not get out of line on prices. On behalf of the union I represent I can say that we are quite prepared to co-operate fully with Mr. Gordon on that basis.

Q. Will you agree with me if I say that the violent general increase in wages in the United States blew the top off price control in that country; in other words, that the wage increases took place and the controls went overnight, almost, and the increase in wages was wiped out by the increased costs? Will you agree with that. If that happened there do you see any reason why it could not happen here?—A. It all depends. There were many pressures exerted in that country. I am not prepared to say, not being a citizen of the United States, and not being an expert in their economy, that the reason price control was abandoned or the lid blew off was because of the wage increases. There may have been other factors, and I am inclined to think there were.

Q. One happened very soon after the other.

Mr. BLACKMORE: That was used as an excuse.

The WITNESS: I think so.

Mr. GILLIS: I am glad to see a member of the Treasury Board taking so active a part in the discussion.

Right Hon. Mr. HOWE: As a matter of privilege, I am not a member of the Treasury Board and I never was.

Mr. GILLIS: In the final analysis it is the cabinet that will have to settle this matter, so I am glad to see Mr. Howe taking such an active part. I am not going to belabour the wage demands. I think the brief sets out the position; and I hope before many hours that this committee will get around to the point where we will get the operators together to consider these demands with the view of making a settlement. I want to say with regard to Mr. Howe's statement that I do not think the position in the United States is analogous to that in Canada. Just a few days ago the Truman Commission on Textiles made the statement that the increase in wages in steel in the United States could have been made without any increase in the basic price of steel. I think, perhaps, the steelworkers have proven to this committee that that may have been the case in Canada. That \$5 increase was not necessary. I think the reason for the present inflationary spiral in the United States is that they cut their price controls off too fast; the abrogation of the O.P.A. threw the lid wide open. It was very unrealistic. I think the position taken by the workers in the United States now to consolidate what they have is realistic, and it is an indication that once again labour is rescuing those at the top from themselves, because they have made mistakes in the United States in regard to price control.

Now, the position in Canada is somewhat different. The steelworkers in Canada did not get any increase, while the steelworkers in the United States received 18½ cents and in some cases as high as 22 cents, consolidating their gains in the United States and maintaining the purchase price of the dollar. But I think in order to bring ourselves up to that point in Canada it is necessary that we should make the same adjustments in our wage rates in Canada. I believe that the demands of the steelworkers are reasonable and conservative. They are backing up considerably in order to save the situation before it gets to the point that it is in in the United States.

Now, I want to ask one or two questions of Mr. Millard, because whatever I say about the brief would be a waste of time.

By Mr. Gillis:

Mr. Millard, when this proposal comes before the operators and if they accept it, do you then take it back to the rank and file of the union for referendum vote?—A. We have made that clear in the memorandum, the plan for settlement, that we are putting this forward on the responsibility of the National Advisory Committee; and if the operators will accept the agreement will go back and we will try to take as hurried a referendum as we can of the rank and file to see whether they accept the terms.

Q. The men on the picket line today are going to decide whether this is a fair bargain?

The CHAIRMAN: Gentlemen, it is 5 o'clock and we shall adjourn until tomorrow morning at 11.30.

The committee adjourned, to meet again on Friday, August 2, at 11.30 o'clock a.m.

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Canada Industrial Relations, Standing
Committee, 1946

(SESSION 1946
HOUSE OF COMMONS)

(STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

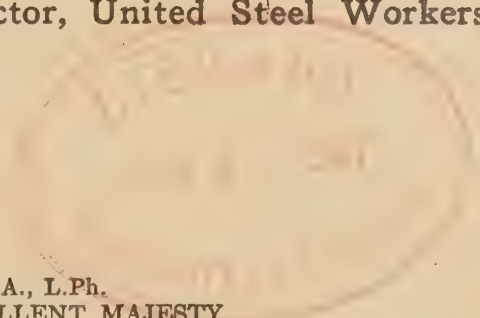
No. 12

FRIDAY, AUGUST 2, 1946

WITNESS:

Mr. C. H. Millard, Canadian National Director, United Steel Workers
of America.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

FRIDAY, 2nd August, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lapalme, Merritt, MacInnis, McIvor, Mitchell, Moore, Skey, Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

Mr. C. H. Millard was recalled and further examined.

The Chairman presented a Seventh Report from the Subcommittee on Agenda recommending that the Main Committee meet today at 3.30 o'clock in camera.

On motion of Mr. Croll,—

Resolved,—That the Seventh Report of the Subcommittee on Agenda be concurred in.

Mr. Beaudoin, for Mr. Sinclair, stated that questions appearing on page 414 of the Committee's printed proceedings, attributed to Mr. MacInnis, were asked by Mr. Sinclair.

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m., this day.

The Committee resumed at 3.30 o'clock p.m., in executive session. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Black (*Cumberland*), Blackmore, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

General discussion took place as to the hearing of further witnesses in relation to the steel dispute and in relation to other matters.

Mr. Maybank took the Chair.

On motion of Mr. Adamson,—

Resolved,—That the three steel companies and Mr. Millard be called to attend on Monday, August 5.

Mr. MacInnis moved, that this Committee recommend as a basis for negotiation in the steel dispute the proposals placed before the Committee by the representative of United Steel Workers on Thursday, August 1.

After debate, the question being put on the said motion it was resolved in the negative.

The Committee adjourned at 5.50 o'clock p.m., until Monday, August 5, at 11.30 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

August 2, 1946.

The Standing Committee on Industrial Relations met at 11.30 a.m. The Chairman, Mr. Lalonde, presided.

By Mr. Johnston:

Q. Mr. Chairman, I would like to ask one or two questions of the witness this morning. My questions are not long and they are not many. I would like to address one or two very simple questions to Mr. Millard. The first one is this: I take it that you are extremely anxious to get industry into producing again?—A. Yes.

Q. Is it your view that your main object is to increase the standard of living of all the people in Canada, and particularly in this instance the steelworkers, to the highest possible degree?—A. Yes.

Q. Is it your view, Mr. Millard, that this can best be done by raising or increasing the purchasing power of the consumer, and in this particular instance the steelworkers themselves?—A. I believe that the purchasing power must be higher than it is now. The actual purchasing power has dropped with the increased cost of living. I think it must precede the cost of living particularly to take up the slack of government spending during the war if we are to keep the wheels of industry rolling at the full average.

Q. That would be so that the people of Canada would be able to buy back the consumer goods that industry is producing?—A. Yes, I would like to say, Mr. Johnston, in that regard, that I have been very much attracted by a statement of account of February 8, 1946, of the Bank of Canada by the governor of the bank, Graham Towers. If members of the committee have this statement before them, I would like them to turn to page 9. It seems to me that there is a very interesting table on page 9. It says: "National expenditure in billions of dollars." There is a very interesting comparison between 1938, 1941, 1944 and 1945. The government spending, directly or indirectly in 1945 was \$4,500,000,000. The personal expenditure on consumers' goods and services jumped from \$3,700,000,000 in 1938 to \$5,000,000,000 in 1941 to \$6,200,000,000 in 1944 to \$6,500,000,000 in 1945. Then under that table the governor of the Bank of Canada says this:—

Clearly it is the first two items in the expenditure table, comprising total government outlay, which represented the main driving force behind the very high level of activity which was attained during the war period. Canada's problem now is to expand the other types of expenditures, and particularly domestic private investment and domestic consumption, in order that there will be compensating stimulus as government outlays decline to their post-war level.

I think that answers the question the way I would like to answer it. I believe that we must increase domestic consumption by increased purchasing powers in the pockets of the farmer and the labouring people and the middle class people.

Q. You think it would result in raising our standard of living to the highest possible degree having in mind the ability of the companies to produce?—A. Yes.

Q. You spoke the other day, Mr. Millard, of the one cent per hour increase for every one point rise in the index cost. How would you advance that? I have in mind this, that in some of the companies they import some of their raw materials from Sweden and other countries. We, in Canada, would have no way of controlling these costs to the company. Would you insist in an increase of the cost of unit production, or full production, for that matter? If the union asked for one cent an hour increase for every point of rise in the cost index, how would you advance that?—A. It seems to me that if industry were on the decline, or if the volume of production was declining, it might be a very great burden on industry to pay the one cent per hour increase for every point rise in the cost of living. On the other hand, if industry is speeded up and production was increased then the amount of money would compare with the increased efficiency and increased saving due to volume of production. I think that the manufacturers can very well absorb the increased amounts without being an undue burden on the costs of production.

Q. Supposing that the industry got into a position due to their increased volume that they could not meet that increased demand, how would you suggest that one cent per hour increase would be met? Would you suggest, for instance, that the government subsidize that industry to that extent?—A. I am thinking particularly of the steel industry, and I think the principle has already been adopted that if decent wages—what is considered to be decent wages—are necessary to the industry and because of certain difficulties they cannot meet these wages the government does, in fact, subsidize certain industries.

Q. Would that not raise the cost of living? If the government subsidized that and got the money out of the general revenues which is derived by taxation, that would lower the standard of living of the people of Canada?—A. No, I do not think that goes. It is a simple matter of redistribution of the wealth. The government would get the revenue from the places where it is obtainable and give it to a place where there is depreciation. I might take the steel industry as an example. It is quite true that one or two of the steel producers would not pay so much. On the other hand, other steel producers would be able to meet heavy taxes.

Q. Do I understand that you suggest that in the case of one industry that was making excess profits, if I may use that term, that the government would increase the tax on that one and subsidize another uneconomical industry?—A. They would not seek out one single industry. They would take it out of the excess profits and they would make it available to those who require it. I think it would have to be investigated very carefully.

Q. Would you expect the farmer to pay an excess profit tax?—A. If he is making it.

Q. You would not suggest that the government raise this subsidy by generally increasing the income tax, but would rather take it out by an excess profit tax? That is, the tax would be levied on the companies that had excess profits?—A. I think I could best answer it by saying that it is rather alarming to see the excess tax going down at the same time that wages are going down. Wages have been cut by reason of the increased cost of living, and at the same time excess profit taxes are going down, which means that more profits will be available to the shareholders and investors.

Q. Would you have any great objection if the government subsidized workers generally to meet that increased cost, not by any special tax but by a general subsidy to the workers concerned? In that way I think it would prevent a rise in the cost and will make up the deficiency of the purchasing power for the steelworkers?—A. I do not believe in this kind of subsidy to workers directly because I think myself that that is very apt to allow industry to escape its responsibilities, and I do not think that workers want to be subsidized directly. I do not think they want to be placed in that position. One fear I had regarding

the question of family allowances was that it was a form of subsidy made to the workers direct and it allowed industries in the low paid industries, and I can refer to the textile industry, to escape their responsibilities. It only resulted, I think in some cases at least, in a form of subsidy to the worker in lieu of decent wages.

Q. Do I take it that you mean that there should be personal incentive in each industry so that it will put them on a solid basis?—A. Yes.

Q. By fair competition?—A. Yes.

Q. I take from what you have said that you are in favour of companies obtaining a profit to keep them on an economically sound basis?—A. I think that is absolutely necessary in the system under which we work. People in business have to have a reasonable return on the capital invested and take the necessary depreciation for the rebuilding or renewing of their equipment, and I believe that there should be a reasonable return on the money invested in the business.

Q. Would you suggest what you would consider as a reasonable return on their capital investment?—A. That is a rather difficult question for a layman to answer, and an academic one, I would suggest. I would say it might run slightly in excess of the base bank interest and the bond interest one can have because there is slightly more risk. I would not want to put a figure on it.

Q. But you do suggest, I assume, that there should be a fair relation between the profits made and the wages paid?—A. I think the profits should be kept to a reasonable return and that there ought, certainly, to be the highest possible wage paid, and it seems to me that we have got to have some standard to judge what is a proper wage, not the standard of profits, but the standard that is required for a good standard of living in Canada.

Q. You will recall the other day when I asked you a few questions here that I said that when the 10 cent offer was made that the only two parties that knew what the wage increase was that was allowed in the \$5 per ton price increase, or were in a position to know what increase in wages should be was first, the company, who knew definitely, or at least they knew to a very close percentage, and the Wartime Prices and Trade Board?

Mr. HOMUTH: Was there any specified percentage?

Mr. JOHNSTON:

Q. I think the minister said about 50 per cent when he was here the other day. He thought that 10 cents was about as close as they could get? Was that correct, Mr. Millard?—A. I think that was the evidence.

Q. Would you agree to have the government set up an impartial board of auditors or accountants to ascertain the profits that a company was making and thereby be in a position to notify the union as to the approximate wage increase they should be expecting from any increase in price?—A. I believe that wherever a corporation or company or employer brings in the factor as to its ability to pay, then that employer ought to be prepared to have a searching enquiry made by impartial sources or on behalf of the other party to find out whether or not these statements are based on the factors I have already indicated, reasonable return on investment and not undue depreciation, and if the inability to pay factor is introduced into the question, then, it seems to me, there should be corresponding information provided to verify or substantiate that fact.

By Mr. Homuth:

Q. Would you base wages on the ability to pay?—A. No, I am asking that if that fact is brought in, I think the books should be produced and information supplied to the other party because otherwise they cannot judge whether the statement is true or otherwise.

Q. Do you think that condition of affairs obtained when the settlement of 10 cents was made?—A. Well, certainly in the case of some of our companies it did prevail.

Q. That there was a complete accounting of their financial situation to the prices board?—A. I did not get your question right.

Q. There was a complete accounting?—A. No, I do not think so.

Q. That was my point. I did not believe there was either.—A. I feel satisfied from the evidence given by Mr. Gordon that the Wartime Prices and Trade Board did not have either the time or the personnel fully to investigate the claims for price increases put forward by the Steel Company of Canada.

Q. Therefore they were not in a position to say, nor is the minister in a position to say, that the 10 cent increase was the maximum that the company should pay and still be on a safety margin basis?—A. I do not believe they were in that position.

Q. And you say there should be some board set up definitely to establish that relationship. The way you have put it I think is an impartial board of auditors? Is that it?—A. I am heartily in accord with the opinion that there must eventually be some board that is going to have both sides of the question referred to it and is going to be able to satisfy both parties as to the reasonableness of the request and the ability to meet that request.

Q. Then, Mr. Millard, would that effect—and this is my difficulty—would that affect the bargaining powers of the union?—A. Well, I think it would assist the bargaining powers of the union to have that information available. At the present time quite often we are bargaining in the dark, so to speak; we do not know the facts. We do not know the facts in this case, certainly.

Q. So you have to keep on bargaining for all you possibly can get?—A. I might say, Mr. Johnston, that I am just informed that when the committee has other witnesses, particularly the secretary-treasurer of the Canadian Congress of Labour that there will be some evidence on that particular point as to the availability of information.

Q. When you were speaking the other day I was not just sure whether or not you had suggested that in this final settlement the companies should pay the same rate of wage for the same quality of work done, it would be the same clear across the board?—A. Yes, it would be a uniform rate of base pay and occupational rate uniform across the board for the same type of work being done in the three places.

Q. Now, the effect of that would give a uniform standard of wage scale across Canada for the same industry?—A. That is right.

Q. Would you have any regard for the regional difficulties which might creep up in one industry or another? Would it not affect differences in the level of wages?—A. I think that would be very serious, and by the theory of the laws of economics these variations might cause difficulties in various regions. I think some of the wage troubles across the country are due directly to the variations in rates in some of the other industries. Then, it seems to me that you would get practically the same results as to living costs, and so on. There would be equalization also in that regard. I cannot see that any Canadian because he happens to be geographically located should be discriminated against with respect to pay just because he is in a certain geographical position. We ought to share across the country.

Mr. CROLL: That is what the government are trying to do in the field of dominion-provincial relations.

By Mr. Johnston:

Q. You said that you are very desirous of having this strike settled and your workers getting back producing goods so that incomes would commence again, and this would tend to assist in the control of prices; that you are very

anxious this be done at the earliest possible moment. Now, I want to refer to a statement which was made in the committee yesterday regarding this matter by the Minister of Reconstruction and Supply (Right Hon. Mr. Howe) the report of which appears in the morning paper. The heading is rather dramatic: "Dramatic Exchange Between Howe and Millard"; I did not see anything dramatic about the exchange, but it says here, "Dramatic exchange between Howe and Millard." That is the heading. And it goes on to say, "Puts price control up to Union head"; "Minister says if Donald Gordon quits, control 'gone for good'". Down further in the article it says:—

Mr. Howe all but gave the steel union the choice between Donald Gordon's price control and its demand for a 15½ cent hourly wage increase.

Now, I think you are aware that the committee has suggested that as soon as possible the companies and the union get together and see if they cannot effect an agreement. Now, how does that statement Mr. Howe made yesterday affect you? What position does it put the union in now when it comes to bargaining again, or trying to come to an agreement in the next day or so with the companies?—A. Well, I think it certainly provides the companies with a weapon to say that they want to hold the price line and they want to stay in line with government policy and therefore they cannot give more than 10 cents.

Mr. CROLL: They have always taken that position, Mr. Millard, right from the beginning.

Mr. JOHNSTON: Now they are backed up by the minister.

The WITNESS: I think now they have the support of the minister and Mr. Gordon in that position.

Right Hon. Mr. Howe: Let us not throw out any insinuations. I asked the witness a question about Mr. Gordon's evidence. I gave no evidence. Let us be a little frank about that.

Mr. JOHNSTON: This is the report in the paper and I know that Mr. Howe will say he cannot assume responsibility for what appears in the press. But my point is this, that the paper has carried these headlines, and that in effect—at least the inference is—that Mr. Howe gave the steel union a choice between Donald Gordon and his price control and its demand for 15½ cents an hour wage increase.

Right Hon. Mr. Howe: I asked the witness questions, just as you are doing now.

Mr. JOHNSTON: I must state in all fairness that I believe it is unfortunate that the paper would come out with such a statement as that to the public, because I think it puts the bargaining agent at a disadvantage and especially at this time when we are all so anxious to have the steel strike settled at the earliest possible moment. I think it puts the bargaining agent at a very great disadvantage.

Right Hon. Mr. Howe: You do not think there is anything in it, do you? You don't think everyone believes all the papers tell them? Let us get your opinion.

Mr. JOHNSTON: I am not being questioned, Mr. Chairman.

Right Hon. Mr. Howe: Neither was I.

Mr. JOHNSTON: I am not suggesting, Mr. Howe, that you were. I am only pointing out the report made in the press. If the press has wrongly interpreted your remarks I think you have the privilege and the responsibility of putting the matter straight before the committee this morning, but I am only expressing my own personal view when I do say, and most emphatically, that it is most unfortunate that at this critical point when we are just about to the point

where we are going to ask the union and this industry to get together and try to solve their problems, and in view of the fact that the union has made an offer—whether it is fair or not I am not saying at the moment—but they have made an offer—they have made a compromise on the position which they formerly took and I think it is exceedingly unfortunate that the press of this country is going to hinder the work of this committee in the way in which I believe it has been hindered by the article appearing in this morning's paper. Now, Mr. Chairman, that is all I have to say on the matter at the moment.

Hon. Mr. MITCHELL: I want to say this in defence of the press. I think sometimes we get a little thin skinned about the press. I think that is fair comment. I mean, in the House of Commons you get so many people rising to a question of privilege—I said this, and I said that. If I were to get up on questions of privilege as to what has been said about me in the press I do not think there would be any session of the house at all.

Mr. HOMUTH: You would never sit down.

Hon. Mr. MITCHELL: Now, one other point; don't take yourself so damned seriously.

Mr. JOHNSTON: Mr. Chairman, I wish I could agree with the Minister of Labour in that. I did not say that in so far as I am personally concerned. I do not care what they say about me—they have said lots of things, especially out in the west—I won't mention the names of these particular papers.

Right Hon. Mr. HOWE: I never saw it mentioned.

Mr. JOHNSTON: I do not know whether you have or not.

Hon. Mr. MITCHELL: We are just ships that pass in the night.

Mr. JOHNSTON: I cannot adopt the minister's suggestion in this regard because in my opinion this is a much more serious question than one of mere verbiage relating to what, let us say the Minister of Labour, has said in the House, or outside of the House.

Mr. CASE: You can't change it now.

Mr. JOHNSTON: That doesn't make any difference. I know we can't change it, but we may be able to lessen the effect of it.

Mr. HOMUTH: We will only accentuate it if we keep talking about it.

Mr. JOHNSTON: I do not exaggerate things any more than you do, and still I cannot agree with the Minister of Labour that we ought to take these things lightly. This situation is one which has far too serious implications. Otherwise we would not be here today.

By Mr. Gillis:

Q. I understand one of your demands is that steel be recognized as a national industry?—A. That has been one of our points throughout.

Q. And I gather from your evidence that you want to have one agreement covering the whole of the industry?—A. No, we do not feel that it is possible or practical at the moment. We hope that we will arrive there some day. In the meantime we want a corporation-wide agreement in the three primary producers.

Q. And uniformity of wages?—A. Uniformity of wages, and of certain other measures regarding union security, vacations with pay and hours of work.

Q. And would that include the regional difficulties to which Mr. Johnston referred, they would be dealt with through your locals?—A. By supplementary agreements.

Q. The next point I would like to clear up is, you stated that you wanted to see a tri-partite council established for the steel industry. Assuming that you succeed in having the industry designated as a national industry do you intend that the tri-partite council shall replace the present war labour board?

—A. No. I think it would be to some extent auxiliary to the war labour board, to handle problems so far as possible on an industry wide basis; and there also would be ratification or final review I imagine by the government agency which would be possibly the war labour board or whatever institution takes its place.

Q. Do you not think it would simplify matters and avoid repetition in what we are going through now if the war labour board as it is constituted at present were assimilated with—if you succeed in having established machinery of the type about which you are talking—such a council where the consumer, the workers in the plant and the employers and the government could sit in. I point out this difficulty, and on the basis of your findings there—this union itself, negotiating directly with the employer could come to a union agreement without bandying the matter back and forth and getting legal interpretations. Do you not think that better than examining this by the machinery presently set up for purposes of review, by people on such organizations who have no background of information about the industry itself, and who would necessarily be giving their opinions largely from the legalistic viewpoint—don't you think that is one of the big handicaps in the present set-up?—A. I believe, I am convinced, that an industrial council would be a great potential along the lines which you yourself have suggested; and it would be a matter of experience and working together and improving relationships; and I believe that the day will come, in the steel industry at least, when we can resolve all our wage difficulties—and I imagine most of our other difficulties—by way of arbitration; because it seems to me that if the employers in the industry sit in with us on the council where the public is represented as well that the relationship would be so strong that there would be no fear or suspicion on either side, that collective bargaining would achieve its successful end there and would not need to go beyond there. That is why I agree with you that if such a council is established and functioning we could settle our disputes, if not by conciliation, by arbitration.

Q. For the time being then you are asking that this council be merely an addition to the present machinery established by the Department of Labour?

—A. Yes.

Q. And then, arising out of your experience with the council—someone asked you yesterday what the power and authority of it would be—you agree with me that if the government are satisfied to set up that council and make steel a national industry, leaving the machinery as it is now, and on the basis of experience with the council you could give it a time in which to find out how it would work.—A. I think the government already, probably unconsciously, in many respects has adopted this same principle of which you are speaking. In the statement submitted by Mr. Murchison as to the cases handled by the National War Labour Board it was rather noticeable, the number of applications received were from employers either after consultation with labour or joint applications, as compared to the number of applications received from labour on its own. It seems to me that a great number of the applications that have been passed by these boards throughout the war period are applications of the employer with or without the consent or agreement of the employees. In other words, the principle has been adopted that when the board receives an application by labour and the employer that that application carries with it a good deal of weight, the two parties having agreed; and it seems to me that through the industrial council the same thing will take place; that when the principals have agreed, particularly when they have a representative of the public in with them, then it seems to me that a public agency such as the War Labour Board as now established will be greatly influenced by the decisions arrived at, or by the agreements arrived at between the parties immediately concerned.

Q. The reason I am concerned about the boards; it would appear to me that in some of our major disputes recently the boards have been backward, have been slow in making their decisions, and I feel that the effect of that generally has been a loss of confidence in them. They were set up during the war to serve a special purpose at that time, and it is my opinion in normal times it really did not apply. I am all in favour of your tri-partite council.—

A. I should like to say, Mr. Gillis, that I think there is one illustration which meets the situation that you are now speaking about which was the case of a very large corporation, perhaps one of the most wealthy corporations in Canada—the International Nickel Company, to be exact—and when negotiations had been completed between themselves and labour in the presence of a conciliation board, the employer made it plain that they were willing to place the application before the board and they did not want labour to participate in that application, and the net result was that it passed the war labour board in a short period of eight or ten days. The situation there apparently was that the application was made through the employer, therefore it had the approval of the employer and therefore it was passed by the National War Labour Board.

Mr. HOMUTH: May I ask you this? You are inferring that anything asked for by industry itself went through the board whereas anything asked for by labour did not, are you?

The WITNESS: I am not inferring. I state very frankly that our experience shows that applications from employers, and joint applications, receive much more favourable treatment and go through in a much shorter time than those that are put in by labour.

Mr. GILLIS: Yes, Mr. Millard; you are stating the fact in your own industry. What I am concerned about is this, this committee will have to discuss this point; the feasibility of the machinery it is proposed to have set up. I think your last answer with respect to the functions of the board indicates clearly that they are interfering with the normal processes of collective bargaining, and I think we should get back to that as soon as we can.

By Mr. Baker:

Q. Mr. Millard, I notice that in your brief you have indicated that you are strongly in favour of certain general principles which you have set out. I have been looking over your formal submissions, I spent considerable time on them last night, and I should like to ask you this: Do you think that the decision made in the steel case will become a pattern which will largely cover the applications of other unions and other companies? Does it mean this, that our decision here will set a pattern which will apply pretty generally throughout Canada?—A. Well, I cannot very well answer that question.

Q. I won't press you, if you can't answer it, just say so. After all, it is purely a matter of opinion.—A. All I can say is that I believe it would apparently last a year and give a measure of time in which to proceed to another agreement with our employers. In so far as the steel industry is concerned I interpret it to be for one year, until the next agreement comes due. It will meet the situation. And whatever pattern effect it would have would be a matter of how it has worked out with the other industries.

Q. It has been the experience we have had so far that the pattern set in British Columbia has had quite an effect throughout the whole of Canada and everyone is trying to set the same pattern; you will agree with that?—A. Yes.

Q. Therefore, I cannot see how this can possibly be adopted without having disputes in other cases, and in cases where there have been settlements. If they raise the scale of wages throughout industry I think you will admit that the price index would go up, would it not?—A. I do not think it would have much effect on the settlements that have been made. Those settlements,

for the most part, I imagine, will go on for the duration of the agreements that have been made. I do say that if we do not follow this pattern, if we do not accept this very reasonable proposal—I feel it is reasonable—which we have made, then we are opposing a precedent that has already been established and there is bound to be dislocation if that is attempted.

Q. With reference to section 4 on page 14 where you speak of the monthly adjustment, commencing in January, 1947, of one cent per hour for each point by which the cost-of-living index rises after July 1, 1946; do you really think it will be possible and practicable to apply that to industry right through Canada? Because if that applied in any case I am sure it would be demanded in most cases. Do you think that would be practicable and that the Wartime Prices and Trade Board could possibly keep pace with these things as they went ahead?—A. In principle there is absolutely no difference between the suggestion and what was done by the government and industry during the war; they did, in fact, pay a cost-of-living bonus—not exactly the same amount—we hope to improve the standard because we think the 25 cents per point was totally inadequate to the rising cost of living. I think labour suffered tremendously because of that. This is exactly the same principle; if it was possible then it is possible now.

Q. My idea is that it is not the ability of the companies to pay in this particular instance which is important, it is whether the companies all over Canada will have the ability to pay without increasing their prices. I come from a seafaring community. A lot of our fish are not sold to steelworkers throughout Canada, we have to ship them abroad; and when the prices of commodities go up my people have to pay more for them and they do not share in this one cent rise if the cost keeps going up. You have been quite frank with me and I have been quite frank with you.—A. I wonder if I might interrupt the member of the committee to say that when the cost-of-living bonus was in effect the prices did not go up at that time.

Q. I am going to be frank with you. I do not think this is a practical solution. There is no hard feeling; but of that I am convinced.

Right Hon. Mr. HOWE: I would like to question Mr. Millard's statement that when the bonus was in effect that prices did not go up. He will admit that the bonuses went up, will he not?

The WITNESS: I meant by that, Mr. Howe, that they did not go up anything like the rate they are going up now.

Right Hon. Mr. HOWE: No, but they went up so fast that the government had to abandon the policy—had to change the policy of bonuses attached to the cost of living in 1943 and adopt a hold-the-line policy for the very reason that the cost of living was going up at an alarming rate under that practice. I am sure the witness will recall that the cost-of-living bonus attached to wages was abandoned in 1943, and I think he will agree with me that that was the reason: it went from 111 to 118, and at that time the government instituted the hold-the-line policy and rolled back prices.

The WITNESS: What I am trying to say, Mr. Howe, is this, that while that policy might have been justified at the moment it was put into effect—and certainly the minister is in a much better position to judge in that matter than I am—nevertheless the fact remains that the line is not being held today.

Right Hon. Mr. HOWE: No.

The WITNESS: We want to find some way of protecting the wages of labour against this spiral that is taking place at the present time. We have to do it.

Right Hon. Mr. HOWE: What is happening today is that the Wartime Prices and Trade Board are retreating to a new line; and in the case of steel, before doing that, they provided a payment to the steelworkers to protect

them against that move, and the move was largely made necessary by a change in the basic price of commodities such as steel. I think my friend will agree with that?

Mr. MACINNIS: I do not think that is a correct statement in regard to the matter. The Wartime Prices and Trade Board provided an increase in prices to the steel companies and then they said to the steelworkers, "There is something in there for you, but go and get it." That is the question.

Right Hon. Mr. HOWE: Yes.

Mr. MACINNIS: That is the difference. In one case they said, "Take it"; and in the other case they said "You get it if you can." That is the whole difference.

Mr. McIVOR: Mr. Chairman, I would like to ask what seems to me to be a practical question. Mr. Johnston asked Mr. Millard the question whether if when profits went up wages should go up accordingly—

Mr. JOHNSTON: No, I did not say that; I said, "Should there be a fair relationship?"

Mr. McIVOR: A fair relationship.

By Mr. McIvor:

Q. I am going to ask Mr. Millard this question: if capital got a fair return, say 3 per cent or 5 per cent, and men were paid a living wage, would you be in favour of any profit over that fair adjustment being equally divided or divided equally between private enterprise, management and labour? Now, I do not want to interject my own hobby in this, but I believe it has in it a cure for a lot of our labour troubles today. I wish to quote from this famous newspaper, the *Ottawa Journal*, of this morning where Mr. Deachman gives an account of a company, and I should like to read this part:—

In March, 1939, Mr. Lincoln visited Germany for the purpose of making inquiries into German industrial efforts along the same line.

This is Mr. James F. Lincoln of the Lincoln Electric Company of Cleveland, Ohio.

It took the German manufacturers 24 times as many manhours to produce a ton of electrode. The German wage rate was the equivalent of 28 cents (American) per hour, the Lincoln rate, at that time, was \$2.00 per hour. The German wage cost per ton was three times the American and the German wage rate less than 15 per cent of the American, while in Germany the selling price was twice as high.

I think, Mr. Chairman, that this is the cure. We have at the head of the lakes some examples of business concerns. The Right Hon. Mr. Howe will know of Gibson Motors. Mr. Gibson has a place in Fort William and one in Port Arthur and he finds that it pays him to have co-operation with his workers. He gives them the right to have a union but he puts them on a profit basis and the harder they work, the more work they turn out, the greater wages they get. I think myself that that is the cure. I am going to ask you, Mr. Millard, are you in favour of that sort of thing? It might be that you are in favour of a complete socialist set-up; I am not; or it might be that that would put the labour unions out of business?—A. I cannot agree with the last statement, of course, but I am in favour, as I said previously to the committee in the opening days of our hearings—I want a living wage for labour, and then I want labour to share with capital or with management or with the shareholders in that prosperity which they do a great deal, in fact the most, to create. I think that prosperity should be assured and that will create incentive for production and therefore lower costs in production.

By Mr. Croll:

Q. Mr. Millard, we are getting down now about half-way to one o'clock, and I thought we could get to the crux of the whole problem that we have to face as quickly as possible. Before I ask you any questions I do want to compliment you on your brief which was a very excellent one, and proves you to be a foeman worthy of anybody's steel.

Let us turn to page 14. Before I start on page 14—following what Mr. Johnston has said this morning—as I understood you yesterday, what you said in effect at one time yesterday was that if the companies were able to live off their fat—I do not know whether that is exactly your phrase—it would not be necessary for them to obtain a price increase. Is not that about what you said?—A. That is right.

Q. I shall read you what Mr. Donald Gordon said at page 339 of the proceedings of this committee in reply to a question, the substance of which was: “. . . if they had been granted 12½ cents or 15 cents an hour increase in wages, the only thing you could have done was to have granted an increase in price to the company?” That was the question in effect. The answer was: “If the company had not been able to administer because of the wage increases, then the costs had reached the position where the profit situation was unreasonable. We talk about prices increase in the terms of finding money.” These are the important words, I think: “We do not take the position that the inflationary amount of money paid to the men will break the price ceiling. What I am concerned about is that if the wage increases reach a certain point to where it means that the company cannot survive on the present selling price of an article, then I must see what can be done in the matter of price adjustments.”

You propose to go a step further and say that these companies by reason of what you have already told us have enough surplus to be able to carry on if they find themselves in that position.—A. Yes.

Q. Now, let us go to page 14 of your brief for a moment. These are, of course, the terms that you lay down in a broad list—these are the four terms, are they not?—A. Yes.

Q. We will deal with No. 1 “Vacations with Pay.” Do you agree with me when I say that from the evidence you have heard here from the companies you are in substantial agreement with them?—A. Very much so on that point No. 1.

Q. Yes. There is not much difference between you; it should not be a stumbling block.—A. I do not think it is.

Q. I do not think so, either. We will come to point No. 2, which is the Rand Formula. That should not be a stumbling block in Dosco?—A. No.

Q. That should not be a stumbling block in Algoma?—A. No.

Q. I will deal with it later. We agree for the moment that it is a stumbling block in Stelco?—A. In two out of three cases it is not a stumbling block.

Q. Let us agree on that from the evidence?—A. Yes.

Q. No. 3, “The 44-hour week, effective April 1, 1947.” My recollection of that was that the objection to it was that it would take some organization, but otherwise there was not any objection in principle and you would not have a great deal of trouble with that—that the company would meet that objection?—A. I think with the time factor that they can meet the objection, I do not contemplate that that would be any serious obstacle to settlement.

Q. Now, will you come to point No. 4, “Removal of the Sydney differential, retroactive to November 1, 1945.” I can only speak for myself, but I do not think the committee has much sympathy for that generally. I do not think that is a stumbling block, do you?—A. I do not believe that the agencies of government are opposed to having that removed.

Q. And I heard no very serious objection from some of the men who were questioning you. I do not think that is a stumbling block. Now, (b) “10 cents,

retroactive to April 1, 1946." The 10 cent part of it does not seem objectionable, but there was some objection about the retroactive part. It seems to me that in view of the increase of \$5 a ton from April 1 that that certainly should not be a stumbling block; do you agree with me there?—A. I do not see how it could be.

Q. I do not think it will be either. That is sensible. Then we come to "2½ cents, effective October 1, 1946"; "3 cents, effective December 1, 1946." I think you will recall that Mr. Gordon was questioned on that with respect to the open end contract, and reviewing the wages as the cost of living went up and he did not agree that three months was a reasonable term but he thought that six months might be a reasonable term; do you remember that?—A. Yes.

Q. You have some opinion on that, too; do you agree with that?—A. Well, I would like to say in reply to that question that (ii) and (iii) must be taken jointly together because this is a matter of payment, and we have tried to point out in earlier sections of this particular proposal that actually that 5½ cents does not mean very much because of the cost of living from the 1st of April to the present time; actually it only protects the 10 cents.

Q. I dealt with them together, but my point was that Mr. Gordon, in the course of his evidence when questioned about the advisability of reviewing wages as they are affected by the increase in the cost of living.—A. In principle that is right.

Q. In principle he agreed with the review?—A. Yes.

Q. Now, let me deal with (c), a monthly adjustment. Let me give you what appears to be the objection to that and see if you agree with me. From the point of view of the employer it is a variant, from the point of view of the union it contravenes collective bargaining, and from the point of view of its practicability it has not worked in Australia. What have you to say about that?—A. As to the variable question. I would like to say this to the members of the committee that the time has arrived when it seems to me if we are going to keep our people from being apprehensive regarding depressions or lowering the standard of living, that we must be prepared to give some security, and the real purpose behind this point (c) is that they shall have an additional period of this agreement protected from having wage cuts due to increases in the cost of living. Now, it seems to me that the people who are doing the work are expected to throw themselves into the breach and supply the goods and the basic materials in this country and they have a right to expect that they are going to be given some security and some assurance now as to what might take place, and so the question of variableness or uncertainty of the employer is just as real and probably more real to the employee. I would like to say in regard to that matter that it seems to me that the proposals we made to the Wartime Prices and Trade Board in March might have received greater consideration than they did.

Q. What were they?—A. That proposal was that there should be a wage increase to provide a decent standard of living, a higher standard of living than we knew in the depression years that stemmed out of 1939, and then that there should be no price increases granted until at least six months of experience, and then if the employer found that he could not pay a reasonable return on his invested capital, plus adequate wages, then he could go to the Prices and Trade Board and seek price adjustments and price relief. But that was not adopted. That suggestion of policy was totally disregarded. I presume it went into the wastepaper basket. It seems to me it has got to be a matter now of give and take; the employer must take some chances and the Wartime Prices and Trade Board must insist that they take some chances, and that he must come back at the end of a given period of time and prove that he is unable to pay these wages and pay a reasonable return on the invested capital.

Q. Does that not put you in the almost impossible position that during that time you lose your right to collective bargaining?—A. No, I am quite prepared to say that when we sign an agreement for the period of a year we always take some chance. We are saying in effect that there is a rise in the cost of living and what appears to be the fact that the Wartime Prices and Trade Board is not holding the line. I suppose there have been hundreds of articles released from the price ceiling. We had a list of some 60 articles that I thought I had with me but I just cannot place it, however, we can file that with the committee. Sixty articles were released from May 1 of the last year to May 1 of this year. The full effect is just beginning to be felt now. The cost of living has soared and wages are declining and we must have some protection against what is taking place. That is what we are asking for. We are asking the employers in this country and the individual to share so that real wages will be here when the goods become available.

Q. I do not like to point out the fallacy of your argument that you are willing to share with the individual. That was not the argument yesterday. Do you know anything about this plan in Australia?—A. I have not heard the results.

Mr. SMITH: As a matter of fact, there are widespread strikes in Australia at the present time.

By Mr. Croll:

Q. I knew that. Let me put it to you this way.—A. I would like you to answer one question. I do not believe that this circumvents in any way collective bargaining because that will come. I see by some statement in the press that this would change our living standard and the cost of living. That is what I term an insurance policy against a decrease of wages over the period of the next nine months.

Q. Is this a fair way to put it? That at the present time the differences between the companies and the employees is just about this, union security at Stelco?—A. Yes.

Q. And the 5½ cents increase?—A. 5½ cents.

Q. As of?—A. September 1; within the calendar years.

Q. 5½ cents within the calendar year, and then the one cent increase in what you term as an insurance policy?—A. Yes.

Q. That is what we are down to now, and the other things you discussed with Mr. Gillis this morning and recognition of the national body can wait?—A. These are the immediate issues.

Q. If we give the other two of these points we have got to the crux of the matter?—A. I will include three.

Q. We will agree then that if three of these points are settled we have got the strike behind us?—A. I have not consulted with my committee, but I am prepared to say that if you want to return to the full demand of 19½ cents we might consider foregoing the last point.

By Mr. Blackmore:

Q. I would like to ask Mr. Millard three short questions. If it were found upon adequate examination that Stelco could pay the union demands but Algoma and Dosco could not pay the union demands would this mean some form of government subsidy for Algoma and Dosco; apparently it would?—A. I think I have answered that question. I imagine that in the extremely short period of six months if it were found that these companies were in a position to pay it seems to me that there would not have to be a government subsidy. I go so far as to say it is our reckoning. We may be disputed, but our reckoning is that the Algoma Steel Corporation made approximately 10 per cent profits last year. Whether the committee considers that a fair profit or not, I do not

know. We do believe that in the case of Algoma there can be more squeezed out for wages than was there when the price increase was given. Possibly it would come down to one corporation and that would include an investigation as to whether the profit rates paid to the steel division of the company were higher or not.

Q. But your feeling is that \$1,750 is the least wage that a man engaged in an essential industry in Canada should be expected to receive whether the company can pay or not?—A. I agree with you. We must find some way of providing our people with that least minimum income. The way the cost of living is going now, I am doubtful as to whether \$1,750 would meet the situation. The statement that I read from Governor Towers' report makes me question whether \$1,750 is going to supply a sufficiently large purchasing power to the consuming public of Canada to keep up the average of production which our productive facilities now give to us. I am very doubtful whether that will provide the volume of purchasing power adequate to our producing facilities in Canada.

Q. If it should be found that a subsidy was the answer, say, to Dosco, would the union have that subsidy paid in the form of a direct subsidy to the wage rates, something like a bonus, or in the form of a direct subsidy to the Dosco plant out of which subsidy they must turn over a certain amount of this to the wage earners? I think that is a question deserving of some thought on the part of the union.—A. All I can say is that if our experience in trying to get some portion of the \$5 a ton price increase is any criterion, I would question whether this subsidy should be handed over to this company and that we should try to get some part of it in wages. However, again I revert to my answer—I think it was to Mr. Johnston—on the question of the advisability of giving direct subsidies to workers, because it seems that would relieve responsibility on the part of the management as to efficiency and operating on good industrial lines. It might very well subsidize inefficiency if that were done, so that there is a question that I revolve in my mind in that regard. I would say it is fundamental.

Q. You have cases like that at Dosco, which I think we may find applicable in many cases throughout Canada. Dosco may not be able economically to pay a wage because it labours under so many handicaps; for instance, Dosco has to bring its coal and limestone a considerable distance at the present time. Yet, Dosco may be of less value to the Maritimes than it would be worth keeping because of that, it may have such value to the steel situation of Canada that it may be worth keeping.—A. I am afraid that at the present time we will have to leave that to the government to decide, as to what form of subsidy would take place.

Q. That is right. The reason I raised this is that the question must be met, and the union should be thinking about it so as to be able to co-operate. And now, if the \$1,750 minimum is fair for the steelworkers it ought to be fair for the workers in any other type of industry in Canada.—A. Well, I do not think steelworkers, outside of the fact that there may be some hazards, some life expectancy and some arduous work physically to steelworkers that don't apply elsewhere—I am not granting that \$1,750 at the moment is adequate, but I am saying that generally speaking I think it ought to apply elsewhere as well. For example, when we established \$1,750 as our minimum requirement in 1944 the general requirement in Canada as set by the labour congress back here was \$1,500; so there is not a great deal of difference between the general average, or minimum required and the minimum of the steelworkers and the auto workers and the other basic workers have decided is required in their particular case. I would say that the figure generally speaking in Canada now must stand not lower than \$1,750; and I must say that as conditions stand now that that is not adequate.

Q. In fact, the evidence which you brought in yesterday in your excellent submission as I recall it, indicated that according to the Toronto Welfare Council

that \$1,750 is \$250 short of what the wage ought to be in order to guarantee a standard of health and decency in Canada. Do I recall your figures right?—A. Well, I would like to say to the members of the committee that they will recall in the proposals we made in our submission that we referred to the question of the cost of living index. Personally, I cannot accept the present cost of living index as an indication of what is required for a health and decency standard of living in Canada. I do not think that has ever been discovered. That is why I made a brief to the committee that they try to find out by an impartial investigation—a Royal Commission, or whatever government or parliament decides—as to what is required in Canada for a health and decency standard of living for the Canadian people. Then we will have some kind of official measuring rod to go by. The only rod we have at the present time is the Toronto Welfare Council, and their figures stand so very close to \$2,000 at the present time. That is their figure as to the minimum for an average Canadian family in the lower income brackets in order to enjoy a health and decency standard of living. That is their figure at the present time.

Q. As I recall it the report as filed for the Bank of Canada for 1946, to which you referred, points out that production in Canada in 1945 was 11.4 billion dollars worth of goods?—A. Yes, that is correct.

Q. Would you mind referring to the figures and see whether that is right. It seems to me that it was 11.8 billion dollars in 1944, and 11.4 billion dollars in 1945.—A. Correct.

Q. Now, considering that in terms of production on the part of Canada when 1,500,000 of our most effective producers were away engaged in war—and I think that most important—when all these people are back in production in Canada, they should be able to produce something in the neighbourhood of 13 billion dollars worth of goods in a year. If that were the case, and we adopted anything like a reasonable method of distributing those goods; so that we would all be able to use them, certainly \$1,750 a year would be a very, very modest request, if we thought of it in terms of \$1,750 worth of milk, cream, butter, cheese, eggs, coal, housing, and things of that kind, of which Canada is able to produce such an abundance?—A. I do not think in that case \$1,750 would be adequate. It might. Whether it would be or not—I do not think it would be.

Q. Then there is another question which also requires just a little comment. I think the question raised by the figures to which Mr Millard has referred twice this morning—that is the figures on page 9 of the 1946 Bank of Canada report—if we are going to be able to get anything like enough money into the hands of our Canadian people to enable them to buy the goods we are going to be able to produce, even at \$11.4 billion, it is going to require at least \$1,750 a year for every member of the working community.—A. Mr. Blackmore, I should like to draw your attention in that regard to the fact that what I wanted to show before, and what I want to show now is that last year the government spent \$4,500,000,000 of the \$11.4 billion of expenditures.

Q. That is, the government actually bought that?—A. That is the spending money of the government.

Q. They bought that amount of goods?—A. I presume it would mean goods and services.

Q. Right.—A. If that amount is declining, which it must be, and it declines to anything like the vanishing point, then it seems to me that the pressure, or the need for considerable purchasing power grows in proportion, and instead of \$6,500,000 in expenditures for consumer goods and services last year, that this year we ought to be spending something like \$10,000,000. That is the point I am trying to make.

Q. Your reasoning seems to me to be quite sound, and I imagine if the government feel that it is not sound reasoning they ought to bring on witnesses to prove that it is not. And that is one of the very first considerations to which

this committee must direct its attention and on which it must give judgment. That is the one basis upon which we can judge whether the wage demands of the union are exorbitant or not. One more question: it was your remark about the need for increased purchasing power in Canada to enable Canadians to purchase this production that prompts this question. What does Mr. Millard conceive to be the fundamental issue at stake in this strike of the steelworkers against the steel company?—A. I do not know that time permits even to answer that question.

Q. Is it not principally economic security?—A. I believe the fundamental issue is whether or not working people—that includes farmers, professional services and labour—whether the working people of Canada are going to enjoy the standard of living that our resources make possible with our production equipment and facilities. In other words, whether or not we are going to change the emphasis from profit to purchasing power to increasing standard of living. It seems to me that is the fundamental issue in the present industrial unrest.

(Mr. Lalonde resumed the chair.)

The WITNESS: As I said, it seems to me that is the fundamental issue in the present industrial unrest in Canada—it is the need of redistribution, I might say.

By Mr. Blackmore:

Q. Would I be putting it correctly if I said it is a question of whether we are going to go forward into an age of abundance which our production capacity would justify, or are we going to recede into a position of scarcity?—

A. That is what it means in substance. That is what I am trying to say. I should like now in the next few minutes in amplification of what I have tried to express to quote from no less an authority than Chester Bowles, the recent administrator of the office of price administration in the United States, in a book which has been published under the caption: "Tomorrow without fear". I do not know whether the date is on here, but I understand it is a recent publication, and it seems to me that we might accept his opinion for what it is worth. It is a 1946 publication, the month date is not here. I would like to read to the committee just one or two short passages from this book by Chester Bowles. At page 53 he says:—

Basically it is on wages and salaries that we must count for mass purchasing power.

That is his opinion as recent administrator of the OPA. Then on page 59 Mr. Bowles has this to say:—

If there is one thing that is perfectly clear from our history, it is that wherever you find low wages, there you find low incomes, low living standards, and low profits. The place where high profits are to be found is in precisely those industries and those sections of the country where wages are high and living standards are high. That is why, it seems to me, the government should help the progressive businessman put his wages up by steadily raising the wage floor in order to prevent the low-wage competitor from being too great a drag upon him.

And then Mr. Bowles has this to say:—

Between 1923 and 1929 output per man-hour in the manufacturing industries increased by approximately one-quarter—24 per cent, to be exact.

On the other hand, the average hourly earnings of our millions of workers—the wages being paid out by industry—increased at no such rate. Over the same six-year period the increase in the average hourly earnings was only 3½ per cent! And what was true in manufacturing was equally true in related industries. In mining, the increase in output per man-hour was 27 per cent, while average hourly earnings actually

decreased 10 per cent. In the new electric light and power industry output per man-hour went up 39 per cent, while average hourly earnings rose only 6 per cent.

All across the nation the purchasing power being distributed to our wage earners, who with their families constitute the great majority of the nation, was falling further and further behind the incomes that were necessary to buy the steadily increasing amount of goods we were capable of producing. Nor was the gap between the rapidly growing output of our average worker and his lagging wages made up by a decrease in the average prices which he was asked to pay in the stores. The cost of living over those years remained roughly the same.

Now I put that to the committee for this reason as it seems to me that this committee in sizing up this case of the steelworkers, in so far as it does represent the case of other workers in this country, have got a very important decision to make: whether or not wages are going to be increased; whether or not we are going to seek a new standard; whether or not we are going to seek volume production, mass purchasing power in the pockets of the people; or whether we are going to return to the conditions that existed before the war.

The CHAIRMAN: Order, please. Your steering committee met yesterday and decided to work on important concrete things this afternoon. We have heard a great deal of evidence, and now we feel that we should meet in camera this afternoon. "As a seventh report, your subcommittee on agenda recommends that the main committee meet at 3.30 o'clock this afternoon in camera."

Right Hon. Mr. HOWE: Mr. Chairman, I understand that my colleague, the Minister of Finance, wishes to make a statement to the committee, having in mind the evidence that his officer, Donald Gordon, gave. I think the committee should receive that.

The CHAIRMAN: The committee may sit half an hour or an hour or an hour and a half in camera, but later on we could go on with the Minister of Finance's statement; but this afternoon we have a most important issue to be discussed and this must be done this afternoon. Do I understand that the report of the subcommittee is carried?

Carried.

The WITNESS: Before the committee concludes this morning's session, and as it is not yet 1 o'clock, I would like to put on record a telegram which I received yesterday so that the members of the committee will have the benefit of it.

The CHAIRMAN: (Reads)

Vancouver, B.C.,

C. H. MILLARD,
United Steelworkers,
1207 Bay St.,
Toronto, or forward.

Dominion Bridge today offered fifteen cents forty-hour week Stop This means we now will have fifteen cent applications before board covering thirteen hundred workers. Marine workers have similar applications covering four thousand Stop Also establishing eight four cent minimum Stop Radio and press reports cause us grave concern that steelworkers in east may accept less and upset pattern being successfully established here Stop Our people here urge you not to accept less than fifteen cents and eight four cent minimum as this will prejudice boards decisions here Stop As you know forty thousand workers have already gained approval for fifteen cents and more Stop Letter following.

PEN BASKIN.

The WITNESS: Mr. Chairman, before the members leave may I say that I have been here for more than two weeks and I understand the committee is finished with me. I was wondering what the wishes of the committee are with respect to me; whether they wish me to stay or what?

The CHAIRMAN: I would say that if it is at all possible you should stay here and be at the disposal of the committee.

Mr. MACINNIS: There is one question which I wish to ask.

The CHAIRMAN: We are adjourned.

Mr. MACINNIS: The committee has not adjourned. It is not 1 o'clock yet. I want to get this question on the record because of statements that were made here this morning with regard to the danger of the pattern we are setting if we accept Mr. Millard's proposals of yesterday, and as comment it was made on that pattern by the members of the committee—I do not think they should have done so—I am going to say that in my opinion this committee will be very foolish if it does not accept this pattern. Now, I will ask Mr. Millard this question.

By Mr. MacInnis:

Q. Mr. Millard, if this is a dangerous pattern was not that pattern set, or the start of the pattern set last December when the members of the House of Commons voted themselves a 50 per cent increase in their indemnity?

The CHAIRMAN: Order.

Mr. MACINNIS: Just a minute; it is not an order—

The CHAIRMAN: Order.

Mr. MACINNIS: Maybe you do not like it but it has got to come out because we are sitting in judgment on other people's requests for an increase in their standard of living and we have got to justify ourselves to these people and to the people of Canada. Is not that pattern being further set by a bill now in the House of Commons making provision for a one-third increase in the salaries of judges? What is your answer to that?

Mr. GIBSON: Give an interview to the newspapers.

Mr. BEAUDOIN: Mr. Chairman, I should like to bring to your attention a correction which is to be made in the record. On page 414 of the proceedings there is a series of questions regarding B.C. wage and hour conditions which are apparently asked by Mr. Angus MacInnis, member for Vancouver East, since his name is the last to appear on the previous page. Those questions were actually asked by Mr. James Sinclair, member for Vancouver North, who is unavoidably absent today and he has asked me to call your attention to this correction. I am sure that Mr. MacInnis will want to disassociate himself from those questions, and Mr. Sinclair does not.

The committee adjourned to meet again at 3.30 p.m. in camera.

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SESSION 1946
HOUSE OF COMMONS

(STANDING COMMITTEE)

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

Monday, August 5, 1946

WITNESSES:

- Mr. C. A. L. Murchison, Alternate Chairman, National War Labour Board,
Department of Labour, Ottawa Ont.
- Mr. A. H. Brown, Vice-Chairman, Wartime Labour Relations Board,
Department of Labour, Ottawa Ont.
- Mr. M. M. Maclean, Director of Industrial Relations, Department of
Labour, Ottawa Ont.

MINUTES OF EVIDENCE

MONDAY, 5th August, 1946.

The Special Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Bourget, Charlton, Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Ross (*Hamilton East*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel to the Committee.

Mr. Lieff announced the receipt of a statement showing wage rates in pulp and paper and lumbering and sawmilling industries in British Columbia compared with wage rates in the steel industry in Eastern Canada.

Mr. Lieff also announced receipt of a statement asked for by a member showing the number and allocation of the employees in 1945 of subsidiary and associated companies of the Dominion Steel and Coal Corporation, Limited.

Mr. Homuth requested that corrections be made on page 551 of the evidence in relation to questions asked by Mr. Charlton.

The Chairman stated that Mr. Millard and representatives of the three steel companies were present, together with Mr. Brockington, who has accepted the position of conciliator.

Discussion took place as to the advisability of having rebuttal evidence.

Mr. L. W. Brockington was called. He made a short statement indicating his willingness to help in any way possible.

Mr. Brockington retired.

On motion of Mr. MacInnis,—

Resolved,—That it is the sense of this Committee that all parties to the steel dispute get together with Mr. Brockington at the earliest possible moment.

The Chairman stated that Mr. Hilton, of The Steel Company of Canada, Limited, had a written rebuttal for presentation. On motion of Mr. Homuth,—

Resolved,—That rebuttals of the three steel companies, if received, be printed into the record. (*See Appendix C of this day's evidence.*)

There was filed with the Clerk of the Committee:—

Exhibit No. 31—Certificate of D. L. Ewing, Official Court Reporter, Hamilton, Ont., 1st August, 1946, respecting evidence taken on 29th July, 1946, in the case of Rex vs. Joseph Vaszi in Magistrate's Court, Hamilton, Ont. Vaszi was charged with carrying an offensive weapon.

Discussion having arisen as to the advisability of the Committee carrying on while Mr. Brockington is attempting to bring together the parties in dispute; Mr. Smith moved that the Committee continue. In amendment thereto, Mr. Maybank moved that the Committee adjourn to meet at the call of the Chair.

The question being put on the proposed amendment of Mr. Maybank, it was resolved in the negative, and the question being put on the main motion, it was resolved in the affirmative.

Mr. C. A. L. Murchison was recalled. He concluded the reading of a prepared statement commenced on the occasion of his last appearance. Mr. Murchison was questioned.

Mr. Millard requested that all of the Union's brief be printed. The Committee ordered that this be done. (*See Appendix A to this day's evidence*).

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m., this day.

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Bourget, Charlton, Croll, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Ross (*Hamilton East*), Skey, Smith (*Calgary West*).

In attendance: Mr. Lieff, of Counsel to the Committee.

Mr. Lieff filed as:—

Exhibit No. 32—Annual Reports of Algoma Steel Corporation, Limited, for the years ending 30th April 1939, 1940, 1941, 1942, 1944. (*See Appendix B to this day's proceedings.*)

Mr. Murchison was recalled, further examined, and retired.

Mr. A. H. Brown, Vice-Chairman, Wartime Labour Relations Board, Department of Labour, Ottawa, Ont., was called and sworn. He read a statement respecting the Labour Code, and was questioned.

Mr. Brown retired.

Mr. M. M. Maclean, Director of Industrial Relations, Department of Labour, Ottawa, Ont., was called and sworn. He read a statement on Conciliation Procedure and was examined thereon.

Mr. Maclean retired.

The Committee adjourned at 5.30 o'clock p.m., until Tuesday, August 6, at 3.30 o'clock p.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
August 5, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 a.m.
The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: The meeting will come to order, gentlemen.

Mr. LIEFF: Mr. Chairman, I have some material placed before me in answer to questions raised by members of the committee:

WAGE RATES IN PULP AND PAPER AND LUMBERING AND SAWMILLING
INDUSTRIES IN BRITISH COLUMBIA COMPARED WITH WAGE RATES IN
THE STEEL INDUSTRY IN EASTERN CANADA.

(British Columbia) Pulp and Paper.

Occupation	Nov. 1941	January 1946	Retroactive to May 1, 1946
	\$ cts.	\$ cts.	\$ cts.
Unskilled labour.....	.61	.67	.82
Approximate average (not accurate because number in each occu- pation not available).....	.70	.75	.90
Highly skilled average (approx.).....	.95	1.10	1.25
	1941	January 1946	Present
Lumbering and Logging (Coast)	\$ cts.	\$ cts.	\$ cts.
Unskilled labour.....	.57½	.70	.85
Approximate average (not accurate).....	.62½	.85	1.00
Highly skilled (approx. average).....	.92½	1.10	1.25
Saw Mills (Coast)			
Unskilled labour.....	.44	.67	.82
Approximate average (not accurate).....	.60	.77	.92
Lumbering and Logging (Interior)			
Unskilled labour.....	.40 to .50	.65 to .67	.77
Approximate average (not accurate).....	.60	.76	.87
Saw Mills (Interior)			
Unskilled labour.....	n.a.	.63½ to .67	.77
Approximate average (not accurate).....	n.a.	.74	.85

NOTE: The schedule of rates for interior saw mills varied considerably prior to last increase and there were adjustments to be made in basic rates—for example in mill operations the basic rate varied from 63½ cents to 67 cents and the commissioner arranged to standardize the whole by making a new basic rate of 77 cents.

WAGE RATES STEEL INDUSTRY—EASTERN CANADA

There are three companies involved in the dispute, namely, the Steel Company of Canada, Hamilton; the Algoma Steel of Sault Ste. Marie and the Dominion Steel and Coal Corporation of Sydney.

Rates reported for the last period in 1945 (which is the latest available figure) compared with pre-war of 1939 are quoted:—

	1939	1945		
	Minimum rate per hour	Number in plant at minimum rate	Number paid over minimum rate	Minimum rate
	cts.			cts.
Dominion Steel & Coal Corporation Limited.....	.43½	656	3,544	.59½
Steel Company of Canada Ltd.....	.41½	(approximately) 500	4,192	.64½
Algoma Steel Corporation Ltd.....	.41½	683	3,403	.64½

The figures given are the minimum rates per hour and apply to about 16 per cent of the total number of employees. The others are at higher rates varying in accordance with the nature of the work.

1a.

Average of rates per hour for selected occupations and departments are:—

	Steel Company		Dominion Steel		Algoma Steel	
	1939	1945	1939	1945	1939	1945
Blacksmiths.....	61.0	82.4	65.5	81.4	64.	94.6
Machinists.....	58.5	86.9	65.5	84.3	64.3	92.4
Machine Operators.....		80.4	48.0	80.6		70.9
Labourers.....	41.5	64.9	43.5	60.2	41.5	64.5
Blast Furnace.....	50.4	69.9	49.5	70.5	not available	
Coke Ovens.....	57.4	72.6	51.0	70.1	not available	
Bloom Mill.....	73.7	98.0	56.7	71.7	not available	
Rod Mill.....	59.7	86.1	66.0	79.5	not available	

The Dominion Bureau of Statistics report that the average hourly earnings for the three plants during June, 1946, was 82.1 cents.

Average Earnings

As reported by Dominion Bureau of Statistics for the 12 months from May 1, 1945, to May 1, 1946:—

	Steel Manufacturing	In B.C.	
		Lumbering	Logging
	\$ cts.	\$ cts.	\$ cts.
Average weekly salaries and wages.....	38.39	33.40	42.44
Average hours per week.....	46.1	40.9	39.3
Average hourly earnings.....	81.3	78.6	1.024
Average weekly wages.....	37.48	32.15	40.24
Combined.....		35.23	

Another member asked for the following statement:

July 31, 1946.

DOMINION STEEL AND COAL CORPORATION LIMITED

SUBSIDIARY AND ASSOCIATED COMPANIES

Number of Employees, 1945

<i>Dominion Steel and Coal Corp. Ltd.</i>		
Wabana	1,395	
Port-au-Port	95	
Sydney	4,570	
	<hr/>	6,060
James Pender & Company Limited		86
Sydney Lumber Company Limited		1
Dominion Shipping Company Limited		30
Peck Rolling Mills Limited		318
Halifax Shipyards Limited		2,620
Seaboard Power Corporating Limited		35
Security Fence Company Limited		43
St. Lawrence Wire Company Limited		26
The Canadian Bridge Company Limited		783
The Essex Terminal Railway Company		77
Canadian Steel Corporation Limited		184
Candn. Bridge Engineering Co. Limited		22
Graham Nail & Wire Products Limited ...		132
	<hr/>	10,417
<i>Dominion Coal Company Limited</i>	8,826	
Cumberland Railway and Coal Company	1,622	
	<hr/>	10,448
<i>Nova Scotia Steel and Coal Co. Ltd.</i>		
Old Sydney Collieries Limited	1,582	
Trenton Steel Works Limited	675	
Trenton Industries Limited	398	
Acadia Coal Company Limited	1,086	
The Eastern Car Company Limited	901	
	<hr/>	4,642
Canadian Tube & Steel Products Limited		870
Truscon Steel Company of Canada Limited		300
		<hr/>
GRAND TOTAL		26,677
Deducting		4,570
		<hr/>
Balance		22,107

Mr. HOMUTH: Mr. Chairman, I just wanted to have a correction made in the evidence at page 551, the fourth line on the page. Mr. Charlton asking Mr. Millard a question said: "Are you aware that according to statistical reports the farmers' purchasing power has increased 38 per cent —"; that should have been "decreased". In the evidence that should be changed to "decreased". I think that should be changed in the record.

Then, further down the page (line 33). This is in a series of questions by Mr. Charlton. He says: "Q. I know, but how are we going to control the cost of production without a fairly stiff control of manufacture?" Mr. Charlton says that what he said there was "weather". I think it is rather important to have those two things changed.

Mr. MACINNIS: I should like to ask a question in regard to the last table on page 2 of the first submission where it deals first with steel manufacturing—under the heading of average earnings—as reported by the Dominion Bureau of Statistics for the twelve months from May 1, 1945 to May 1, 1946, and then it deals with the average earnings for steel and lumber. Were those items for lumber before the recent increase in wages of the lumber workers?

Mr. MAYBANK: It is dated May 1.

Mr. MACINNIS: I gather it would be before that went into effect.

Hon. Mr. MITCHELL: I would think so.

Mr. MACNAMARA: Yes.

The CHAIRMAN: Well, gentlemen, according to the decision of the committee last Friday an invitation was sent out to the three steel companies to be here to-day, and my duty is to inform the committee that Mr. Hilton of the Steel Company of Canada is here, that Mr. Anson of Dosco is here, and Mr. McMillen is in Ottawa. Mr. Brockington is in Ottawa, but I understand that he is not ready this morning to hear the companies and the other parties. There will be a meeting in the steering committee this afternoon at two o'clock which Mr. Brockington will attend, to determine the proceedings to be followed in the circumstances.

Mr. SMITH: May I make a correction in what you have just said, inadvertently I know? Mr. Brockington is sitting behind me and he is ready at any minute to do what he can.

The CHAIRMAN: He told me a few minutes ago that he is ready to co-operate to the fullest possible extent with our committee but that he was tied up with this Anaconda strike and he intends to meet these people tomorrow in Toronto; but in any event he is ready to sit here. But I think in fairness to all the parties that our steering committee should meet with Mr. Brockington after—

Right Hon. Mr. HOWE: For what purpose.

The CHAIRMAN: I think the purpose will be to know the intentions of the conciliator and to receive suggestions from our members and accordingly—

Right Hon. Mr. HOWE: Is the steering committee going to direct Mr. Brockington?

The CHAIRMAN: No, I do not think they have any thought of directing Mr. Brockington who has all powers and authority; but I understand it is a good thing to have the steering committee meet at the same time with those with whom he will have to do business. In any event, if the steering committee decides that my suggestion is useless, then I will be very glad to abide by their decision.

This morning we have in this room the representatives of the Steel companies who desire to make a short appearance before our committee. I am entirely in the hands of the committee and I ask them to decide whether or not we will deny these gentlemen the right of a short rebuttal. So if it is the wish of the committee we will hear Mr. Hilton.

Mr. CROLL: I move that he be heard.

Mr. McIVOR: I will second that motion.

Mr. SMITH: May I make a suggestion to you, sir? With great respect, I think there has been some misunderstanding in connection with Mr. Brockington. In fairness to him I think he should tell you and the committee just what his position is. He thought he had made it clear. Would that be permissible?

Mr. MAYBANK: Mr. Chairman, I think what Mr. Smith has said is correct, and might I preface any such statement by Mr. Brockington: pursuant to the instructions which he gave me I requested that representatives of the three companies be here. I did not indicate to them anything more than that it was desired they might be here; and I interviewed Mr. Brockington, giving him as fully as I could the background of this matter as it has occurred and developed before the committee. After that Mr. Brockington indicated his willingness to do everything that he could to assist in this dispute and we left it that he would come here at eleven thirty, as he expressed it, for the purpose of standing by to do whatever might be desired. I think there seems to have

been some slight misunderstanding, as Mr. Smith says, between the chairman and Mr. Brockington. I have the view of the chairman too, that we might very well hear a short statement from Mr. Brockington who, perhaps, over the week end has been working out in his mind something he might be able to do. I do not know. I agree, of course, that we should hear the statements of these companies in rebuttal, but I recommend that Mr. Brockington be asked to come before the committee.

Hon. Mr. MITCHELL: I want to say this for what it is worth. I suppose I have appointed hundreds of people to sit on industrial disputes in the last few years, and I have sat on many myself, and it would be the first time in my memory that direction or anything else of that description had been given to a chairman. The thing works both ways. It cannot run itself.

Mr. JOHNSTON: I do not think it was a question of direction.

Hon. Mr. MITCHELL: I am just expressing my own opinion. He has assumed that this is a very difficult assignment, and I think that after having met the acting chairman, as he did on Saturday, that that should be the end of it. I leave that thought with you. I want to be frank. And now, you might be treating new ground in industrial relations. I do not think you are. It is just a matter of judgment. I have not seen Mr. Brockington since his appointment. It is like when commissioners and conciliators are appointed, you do not meet them and tell them what they have to do.

Mr. JOHNSTON: This is just to find out whether he can be here today.

Mr. SKEY: I thought last Friday this committee was quite clear in what it was going to do, that we had decided not to hear any rebuttal evidence, that the committee could make up its mind how it felt, that the companies were invited here to negotiate with the unions so that, here in Ottawa, they would have access to you as chairman of the committee, to the Labour Minister, to Mr. Donald Gordon, or to anybody else who might be considered in their negotiations. I see no reason for Mr. Brockington to be asked to make a statement this morning because to do so might prejudice the negotiations in which we all hope to find some solution to this strike. I do not see why we should continue to go on in this rudderless manner that the steering committee has used in endeavouring to bring this committee through to this point. The steering committee can make up their minds on something, and then come in here and it is changed. Two weeks ago Mr. Smith and Mr. Gillis moved a motion that the companies be asked to negotiate with the unions, here in Ottawa. We have heard reams of evidence and we have just come down to that motion now. I do not see why we should go on hearing these various statements. The companies are here. What is holding up proceedings now? Why cannot they leave this room now and start negotiations immediately.

Mr. MAYBANK: Mr. Chairman, I think I may have created the misunderstanding myself. All I meant was that Mr. Brockington had apparently indicated to the chairman, or the chairman thought, that he was not quite ready to proceed. My understanding was the contrary, that Mr. Brockington was ready to stand by and do anything he could. That is all I meant when I said that one might ask him. It was not my intention that Mr. Brockington should be asked to come and make a statement and then be in the difficulty of getting instructions from the committee; something which the committee did not wish to do. We made that pretty clear on Friday. We did not wish to bind anybody with instructions at all. I think we will leave it to Mr. Brockington to get together with the parties and he can use his judgment, his own very good judgment. So let us carry on with something else.

Mr. MACINNIS: I would move that it is the sense of this committee that Mr. Brockington get together with the two parties or all the parties in this dispute at the earliest possible moment he could.

Mr. SKEY: I will second that motion, Mr. Chairman.

The CHAIRMAN: Carried. Then we will proceed with Mr. Murchison.

Mr. CROLL: Why not—do not confuse this with an opportunity.

The CHAIRMAN: There is a motion before the chair to the effect that the committee will meet immediately with Mr. Brockington, and it has been seconded by Mr. Skey.

Mr. McIVOR: Did you say “immediately”?

The CHAIRMAN: I asked if it was carried, and nobody stood up to give his views against this motion. I am ready to declare the discussion is still open and that a vote be taken. I am entirely in the hands of the committee; but if the committee decides that the companies should be given an opportunity to make a short rebuttal, it is up to the committee to decide that. But the motion is before the chair, and if someone wants to give his views on this motion, he is welcome.

Mr. CROLL: I think Mr. MacInnis expressed the opinion of the committee, the general desire to get Mr. Brockington to meet with the representatives of the companies; but we would be on very dangerous ground if we did not permit Mr. Hilton and the others to make a short rebuttal if they want to do so, if they have something to add. Surely we can give them the next half hour to make a short rebuttal, if they have one. I think some indication was held out to the committee that they would have an opportunity. I think we are duty bound to hear them.

Mr. ARCHIBALD: I am convinced that on Friday we unanimously decided not to hear any more evidence because we would only be stirring up trouble. Here we are changing our minds again. This committee is balanced on the head of a pin and it will have to come off it, one of these days.

The CHAIRMAN: Question?

Mr. JOHNSTON: What is the motion?

The CHAIRMAN: I understood Mr. MacInnis moved, seconded by Mr. Skey, that the three companies and Mr. Brockington meet together immediately.

Mr. HOMUTH: No, no. He said that all the parties to the dispute.

The CHAIRMAN: Would you be good enough to put it in writing, Mr. MacInnis, so there will be no misunderstanding about it.

Mr. ADAMSON: While Mr. MacInnis is writing out his motion, may I be allowed to say something in connection with my own motion the other day. There was no intention that the company should not have an opportunity to make a rebuttal statement; but in view of the extreme urgency and the time lag, it was thought, in the committee, at that time, and the committee thought that the sooner the parties in the dispute could get together, the greater likelihood a settlement would be had. There was no intention that my motion should prevent any rebuttal by the company, should it want to make one. The committee, I may say, is still of the opinion that the sooner the disputing bodies get together, the better.

Mr. MAYBANK: I would like, Mr. Chairman, to refer to the subject we were on a few moments ago. I have spoken to Mr. Brockington and, as a result of speaking to him, I ask you again to request Mr. Brockington to come forward and make such statement as he desires to make.

The CHAIRMAN: Is it the pleasure of the committee to adopt this suggestion?
Carried.

Mr. Brockington, will you come forward, please.

Mr. L. W. Brockington, K.C., called:

The WITNESS: I have no statement to make as yet. Mr. Chairman and gentlemen, when Mr. Maybank spoke to me on Saturday, I told him that, as any other Canadian citizen, I would do whatever I could to be of assistance to him. However, I had a tentative meeting with the Anaconda people in Toronto on Tuesday. I realize, however, that this matter is uppermost and should necessarily take precedence. I, therefore, told him I would come here this morning ready to proceed in any manner that the committee wished, and that the parties were willing for me to do. It is possible for me to meet here today, and with the Anaconda people tomorrow morning, and with the steel company parties tomorrow afternoon in Toronto; that will be all right. However, if it is impossible for such an arrangement, I think it would be quite all right to postpone the Anaconda meeting in the morning. I certainly would not wish to be in the position of running a two-ring circus; and if I understand this task it should take precedence over any other task; nor do I believe there would be any substantial difficulty in postponing the Anaconda meeting if it be found, after consultation, that I cannot be in Toronto tomorrow morning.

The CHAIRMAN: It is moved by Mr. MacInnis, seconded by Mr. Skey, that it is the sense of this committee that all parties to the steel dispute get together with Mr. Brockington at the earliest possible moment. This is the motion before the chair and the discussion is open.

Some Hon. MEMBERS: Question.

The CHAIRMAN: Those in favour of the motion will please raise their hands.

Mr. McIVOR: What is "the earliest possible moment? We want to be particular there. Does that mean now or later on?

Some Hon. MEMBERS: Now.

The CHAIRMAN: As soon as possible. This morning, if it is possible. Mr. Brockington has just stated that he is ready to proceed.

Mr. HOMUTH: And the hon. member was out of order anyway, because the question was put.

The CHAIRMAN: Those in favour of the motion please raise their hands. Those opposed?

Motion agreed to.

Order, please, gentlemen. Mr. Hilton has just told me that he has a short rebuttal, but the committee have decided otherwise. He is asking if it would be possible for his rebuttal to be put on the record in such manner as you might decide. That is his request. I understand also that the Dosco people have a very short statement to make.

Mr. JOHNSTON: You have just carried a motion, Mr. Chairman.

The CHAIRMAN: Would it be possible for that suggestion to be entertained, as to something being done in that way?

Mr. HOMUTH: Is the rebuttal in written form, Mr. Chairman?

The CHAIRMAN: I am so informed.

Mr. HOMUTH: I do not see why it could not be at least distributed to members of the committee, without discussion.

The CHAIRMAN: And put on the record.

Mr. HOMUTH: Agreed.

The CHAIRMAN: Carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: For all three companies?

Some Hon. MEMBERS: Carried.

Mr. GILLIS: Just a minute, Mr. Chairman, before this is carried. I understood this committee was taking evidence under oath and I do not think this procedure is proper. If you are just going to put on the record evidence that is relevant to the strike situation, this committee is going to accept it without seeing it and have it become part of the record. I do not think that it proper.

The CHAIRMAN: Order, gentlemen.

Mr. HOMUTH: It would be very easy for those who are submitting this written evidence to take an affidavit.

The CHAIRMAN: Yes.

Mr. MACINNIS: Mr. Chairman, may I make a suggestion?

The CHAIRMAN: Order, please, gentlemen.

Mr. MACINNIS: I have been on committees similar to this one; and I always understood that once a person was sworn, he continued to be under oath until he was finished.

Mr. MAYBANK: That is right.

Mr. MACINNIS: If members are afraid that the evidence of these people might not be correct, they can be advised that they are still considered to be under oath.

The CHAIRMAN: Carried?

Some Hon. MEMBERS: Carried.

Mr. HOMUTH: Mr. Chairman, I agree with a couple of people. You must add to that, if we are going to accept it—and I agree with one thing, that they are always under oath—that Mr. Gillis, myself or anyone else who, having read this statement, may want to cross-examine these people on it, is privileged to do so.

Mr. MAYBANK: Quite right.

Mr. HOMUTH: I think that will end all our troubles.

The CHAIRMAN: Carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then we will proceed with Mr. Murchison. Order, please, gentlemen. We will proceed with Mr. Murchison. Will the companies be kind enough to send their statements to the clerk as soon as possible, so that they may be put on the record before Mr. Murchison's statement?

Mr. JOHNSTON: Do I understand, Mr. Chairman, that it is up to Mr. Brockington to arrange as quickly as possible with the companies and the unions now to meet in another room, or wherever they choose?

The CHAIRMAN: Order, please, gentlemen. We cannot understand the members who are addressing the committee when side conversations are going on.

Mr. HOMUTH: Mr. Chairman, might I ask what we are going to examine Mr. Murchison on?

The CHAIRMAN: Well, Mr. Homuth, I think Mr. Murchison has not been cross-examined yet. It is up to the committee. If the committee is through, then we will call another witness.

Mr. HOMUTH: I realize this, that perhaps in the public mind it may look like delay—

The CHAIRMAN: If you will permit me, Mr. Homuth, may I say that I have just been informed that Mr. Murchison has an additional statement to make.

Mr. HOMUTH: Mr. Chairman, what I am thinking of is this. I realize that perhaps in the public mind if this committee adjourned for a day or two,

there might be a feeling that there is delay. But I do think we must be very, very careful while these parties are conferring that any evidence that is given here, or any cross-examination that might be made, is not in any way going to prejudice any hearings that are being carried on. I am just a little fearful that perhaps in cross-examination or in some part of the proceedings something might be said which might prejudice this meeting of the interested parties looking towards a settlement of the steel strike. I think we should be very careful. Personally I would rather see the committee adjourn for a day or so—

The CHAIRMAN: I should be very glad myself, Mr. Homuth.

Mr. HOMUTH: —rather than getting ourselves involved in some way and prejudicing the situation.

Mr. JOHNSTON: Mr. Chairman, may I just say a word?

The CHAIRMAN: Order, gentlemen.

Mr. JOHNSTON: That very thought that Mr. Homuth has mentioned has been running in my mind. I am very doubtful whether we should proceed here, taking evidence and cross-examining, while this committee is endeavouring to come to a settlement. Much as I would desire to get on with the evidence, it is my judgment that we may bring up some evidence or we may start an argument through cross-examination that would be detrimental to the progress of the negotiating parties. I am inclined to think that we should adjourn until such time as the negotiating parties have either decided to make some arrangement or not to do so, one or the other. Then we can go on from there. I should hate like everything to see us be the cause of breaking up any satisfactory agreement that these negotiating parties might come to.

Mr. MACINNIS: Mr. Chairman, may I ask Mr. Johnston what he means by "making some arrangements,"—the parties making some arrangements?

Mr. JOHNSTON: All I have in mind is this, Mr. MacInnis. We have just suggested to Mr. Brockington, to the union and to the companies that they immediately get together to negotiate their difficulties. Now we are going on to hear evidence and to cross-examine; and in the process of that hearing of evidence and cross-examining we may bring up arguments which may be detrimental to the amicable settlement between the union and the companies. I would rather not see that. Much as I am desirous of seeing the evidence of this committee proceed, so that we can get through as quickly as possible, yet I do think we might prolong the thing in the long run; and I would rather see the committee rise until such time as the union and the companies have come to a decision one way or another.

The CHAIRMAN: I must inform the committee that besides the steel strike we have many other things to deal with. If the committee decides, in its wisdom, that all discussions on this matter should be postponed, we may proceed with something else.

Mr. JOHNSTON: That would be all right, if you want to go on with something else.

Mr. MACINNIS: There is only one way in which we can get the sense of the committee in the matter, and that is for someone to move a motion. There is nothing before us now, as I understand it, and a person would be out of order in discussing as to whether or not we should continue with other witnesses. I have views on that, but I do not feel I can state them now as there is no motion before us.

THE CHAIRMAN: I think you are right, because you are the one who moved the motion that our committee sit on the steel strike first. Is it the pleasure of the committee to adopt the proposition that we should postpone all discussion on the steel strike now?

Mr. BEAUDOIN: No. I do not think that anything that may be said this morning by Mr. Murchison will prejudice the negotiations which are now going on between the companies and the conciliator. From the first paragraph of what Mr. Murchison wants to tell us I see that it is only a continuation of the brief which he presented to us the other day.

Mr. CROLL: That is Mr. Hilton's brief you have got.

Mr. BEAUDOIN: No, this is Mr. Murchison's brief, and the information which he is about to give us is of a very general nature. I see that in the first paragraph he says that he had not completed his remarks when the meeting was adjourned.

Therefore, Mr. Chairman, I move that we proceed with Mr. Murchison right away.

Mr. HOMUTH: Let us get this clear. Here is Mr. Murchison's brief which has just been handed to us. It deals with hours of work; it deals with wages, and if he presents that brief we are going to cross-examine him on it. We are going to deal with the questions of hours of work and wages, and so on.

The CHAIRMAN: I have a suggestion to make to the committee that we now adjourn until tomorrow at 11.30. Will you be kind enough to give back your copies of the brief?

Mr. CROLL: Why not leave it with us?

The CHAIRMAN: It is not part of the record.

Mr. SMITH: I think we should have a motion on that because I am opposed to it. I am anxious to go on. I realize that the fears expressed by Mr. Homuth have a good deal of substance. On the other hand there is another fear, and I think it is a matter of choosing the lesser of two evils. If we adjourn now I am inclined to believe that the people of Canada will say. "Those fellows are again passing the buck". My view is that we should get on with our business and if necessary I will move the converse if I can find a seconder, although that is doubtful. I am going to move that we proceed.

The CHAIRMAN: I have no written motion before me.

Mr. SMITH: All right.

Right Hon. Mr. HOWE: I will second that motion. May I point out that the witness before us is an officer of the government. He is here to give the views of his board, which is an agency of government. Every one here professes great respect for government when it comes to controlling prices. That being so I think that perhaps we should have some regard to the wage and price policy of the government from both the wage angle and the price angle. Therefore, I fully agree with Mr. Smith that he should go on.

Mr. McIVOR: We do not gain anything by putting off and waiting. I think we should go ahead and hear the representative of the Department of Labour.

The CHAIRMAN: Mr. Murchison, please.

Mr. MURCHISON: Mr. Chairman and gentlemen: The other day when I was before the committee I was asked . . .

Mr. SMITH: I do not want to be influencing this committee, but permit me to move that we proceed with Mr. Murchison, and give those who do not agree with me a chance to say so. I may be all wrong in this. As I understand it Mr. Howe seconded my motion. I think that opportunity should be given without putting the whole responsibility on my shoulders.

Mr. MAYBANK: I will say what I have to say very shortly. I think the sooner this committee adjourns, when they have handed a matter of dispute into the hands into a mediator, and prevents all talk on this same issue, the better. It cannot do anybody any harm to have a day in quietness in that respect. I

do not say in these words that further evidence should not be heard. I only say at the present time it would be well to have the committee in adjournment so that there can be nothing said that would prejudice the endeavours of Mr. Brockington and the others during the next 24 hours. Every person, of course, is entitled to his opinion, but that is mine.

The CHAIRMAN: Then I will take it for granted I have before me Mr. Maybank's motion.

Mr. MAYBANK: No, No; I made no motion. However, since it would be better if there were two propositions to vote upon, and in view of the fact that the motion of Mr. Smith and the Right Hon. Mr. Howe is amendable, I move an amendment that we adjourn until 11.30 tomorrow morning.

Mr. HOMUTH: You do not have to move an amendment.

Mr. VIAU: I second that.

Mr. MACINNIS: I rise to support the motion that this committee continue to sit and to hear evidence. We were given a job to do on July 16 when this committee was convened. I think the terms of reference are before each member of the committee. The steel dispute was merely a part of that job. We have heard the parties to that dispute. We have come to the position where we have asked them to get together, and I believe that they have agreed to do that, to see if there is not some way of resolving their differences. I think it would be a mistake for this committee to adjourn now. I do not think that there would be anything said that would prejudice or interfere with the work of the conciliator in trying to bring the parties together. I think the situation is so urgent that both this committee and the parties to the dispute should do everything within their power to hurry a settlement. We have not only the representatives of the Department of Labour who are anxious to come before us but also the co-ordinating wage representative of the Canadian Congress of Labour, who is also anxious to come before us, and we should proceed with all dispatch possible to get all the evidence we can in this matter and try to find a solution.

Mr. HOMUTH: I will second Mr. Maybank's amendment because I do not like the idea of a court continuing to sit after the jury has gone out.

Mr. BEAUDOIN: I want to say, Mr. Chairman, that I moved that we proceed with Mr. Murchison, and then Mr. Smith moved the same thing. Therefore, I withdraw the motion.

Mr. JOHNSTON: I understand, Mr. Chairman, that we are going on hearing the evidence pertaining to the same subjects we were dealing with during the last few days. Mr. Murchison indicated, when he arose the last time he was here, that he had not concluded his evidence. Very definitely we shall be taking evidence on the very same thing that we have now asked the union and the companies to get together to see if they cannot conciliate. I am not a lawyer, thank God. I speak from reason. It does seem to me that it is very improper for this committee to continue taking evidence on a subject which you have now put into the hands of Mr. Brockington, as a conciliator, for the purpose of coming to a decision with the union and the companies. Certainly, to my way of thinking, that is against proper court procedure, and I must support the amendment to Mr. Maybank's motion.

Mr. BLACK: I am going to support the amendment of Mr. Maybank. I do not think there is anything we can do to assist Mr. Brockington in adjusting the dispute. I think it would be better for us to adjourn. I would think it would be better to adjourn at the call of the chairman. Mr. Maybank has made his amendment for a specific time and hour. I would prefer that it be adjourned until called by the chairman.

Mr. MAYBANK: I am quite willing to put it that way. It is not necessary that it be set for 11.30 tomorrow morning.

Mr. HOMUTH: That would be the better way.

Mr. MAYBANK: If the committee is agreeable I will change my motion that we adjourn until the call of the chair.

Mr. GILLIS: I am opposed to the adjournment of the committee. I do not think it is in accordance with the terms of reference. Our terms were that we were to examine into the reason for industrial unrest in Canada. Mr. Murchison has not anything to give in his evidence with reference to the steel strike. His brief outlines only wages and hours of work, and if this is in connection with labour unrest then we should hear this witness this morning.

The CHAIRMAN: Those in favour of Mr. Maybank's amendment, that we adjourn until the call of the chair raise their hands. There are four raised. And those against that amendment please raise their hands. The amendment is defeated. We will proceed with Mr. Murchison.

Mr. C. A. L. Murchison, Alternate Chairman, National War Labour Board, Ottawa, Ontario, recalled.

I have some information dealing with the steel case but I shall keep that under the table for the time being. I shall read the balance of my statement given on the occasion of my last appearance before the committee:—

Mr. Chairman and Gentlemen:—

On the occasion of my last appearance before this committee, I referred to a number of cases in which regional boards and the national board had authorized increases of 10 cents an hour in wage rates. Reference was also made to cases in which a percentage increase of 10 per cent in wage rates was approved coincident with a reduction in the number of working hours in the normal work week of several employers.

The CHAIRMAN: I wish to inform you that the Steel Company of Canada has filed a rebuttal statement. No statements have been received from Dosco and Algoma, although they were asked to do so.

(Rebuttal statement of the Steel Company of Canada, printed as Appendix "A".)

The WITNESS: I had not completed my remarks when the meeting was adjourned. I now wish to continue with those remarks.

Upon further consideration it has been deemed advisable to make available to each member of the committee a copy of the statement which I now propose to make concerning the so-called 10 cent formula.

The decisions referred to at the previous hearing, for the most part, stem from agreements made pursuant to collective bargaining. Combined they constitute a fairly definite pattern. In saying this, I am not unmindful of the cases involving the coast region operators in British Columbia's logging and lumbering industry and the pulp and paper industry. I suggest to you that these two cases can hardly be regarded as being sufficient to overcome or destroy what appears to be the prevailing pattern set by management and labour. The operators and the International Woodworkers of America in the interior region of British Columbia did not accept the coast region rate increases as their pattern.

The National Board assumed that it might be called upon to answer for these increases. Therefore, and in order that it might place itself in the position whereby it might justify them, the whole problem was carefully studied.

The study revealed that in a large number of the cases to which I have referred, collective agreements were concluded on a basis which, in the view of management at least, reflected the trend in the United States.

You are fully cognizant of the large number of settlements made between management and labour in the United States, which settlements call for wage increases of $18\frac{1}{2}$ cents an hour. You are, therefore, entitled to ask why it may be contended that a 10 cent increase in Canada can be regarded as a true reflection of the trend in the United States. To seek the answer, it is necessary to examine the history of wages and hours of work in the United States.

(1) The Hours of Work Act, the correct name being The Fair Labour Standards Act—

By Mr. Homuth:

Q. You just added something which is not in this statement?

The WITNESS: The correct name of this Act is the Fair Labour Standards Act.

- (1) The Hours of Work Act in the United States was a pre-war measure which applied to companies under federal jurisdiction. It required a 40 hour week and provided that overtime at the rate of time and one-half would be paid for hours required to be worked in excess of 40 per week.
- (2) Under war conditions it applied to companies engaged in the production of war materials, including automobiles, steel, etc. Employers were given authority in the war emergency under what was known as an "extended work week" to work 48 hours per week, but the time and one-half rule continued to apply. Consequently, the employees concerned throughout the war, received 52 hours' pay for 48 hours of actual work, that is to say, they received time and one-half for the 8 hours over 40. In Canada, generally speaking, the normal work week consisted of 48 hours, with overtime pay becoming effective only after the 48 hours.
- (3) It follows that American labour costs per man-hour actually worked were 108.33 per cent, relative to an employer's equivalent cost in Canada. This is not a wage rate comparison, but a comparison of relative labour costs.
- (4) With the war emergency over, hours were reduced to 40 in the United States. Assuming that the same hourly wage rate was paid on a 40 hour basis, as was paid on the previous basis, the employer would find that he was no longer faced with a "premium payment" for overtime. This is to say that the employer's cost per unit of work for 40 hours was reduced to 100 per cent, and the employer saved 8.33 per cent of his previous overall wage cost.
- (5) Such a situation did not continue for long. Hourly wage rates for many of the major industries in the United States were increased by $18\frac{1}{2}$ cents coincident with a reduction or return to a 40 hour week. The United States employer, therefore, did not save the 8.33 per cent, but he was in a position of having to that extent, "prepaid" a portion of the $18\frac{1}{2}$ cent per hour increase.
- (6) As an illustration, let us take the case of a workman whose hourly rate was \$1 in the United States during the war. Because of the overtime premium for the 8 hours' work performed in excess of 40 per week, he actually earned $\$1.08\frac{1}{3}$ per hour. That was the cost of his labour to his employer. With an $18\frac{1}{2}$ cent increase in the United States, for the 40 hours actually worked, the employer's actual labour cost was only increased by roughly 10 cents an hour, that is, $18\frac{1}{2}$ cents less $8\frac{1}{3}$ cents. It follows that in like circumstances a 10 cent per hour increase in Canada would be the equivalent of $18\frac{1}{2}$ cents in the United States in terms of an employer's unit cost of production. This equation would, of course, be different at each wage rate level.

- (7) It should be noted, too, that in both Canada and the United States, improved efficiency of the worker, in machinery and in production methods would be a variable tending to off-set such increase to a greater or lesser degree. My own view is that an employer, whether he is in the United States or Canada, who reduces hours of work and increases wages to maintain take-home pay, does not thereby increase his labour unit cost to the full extent of the increase in wage rates. Time studies would indicate that in many operations, (it does not apply to all, however), production is higher on a 40 hour week than it is on a 48 hour week. Lessening of fatigue is the dominant factor in this contention.
- (8) It should be understood that in the United States, the wage adjustments made, do not mean full maintenance of take-home pay. In the cases to which I have referred, the workers, on a 40 hour week, with an $18\frac{1}{2}$ cent increase, by and large, take less money home now than they did under the plan wherein they received 52 hours' pay for 48 hours' work. The only employees whose weekly take-home pay would remain the same are those whose rates were not more than 60 cents and have now been increased to $78\frac{1}{2}$ cents. An employee whose wartime rate was \$1.00 had a weekly pay of \$52.00, i.e. $\$1.00 \times 52$ hours for 48 hours' work. If he now works 40 hours and his pay is $\$1.18\frac{1}{2}$, he will receive \$47.40—\$4.60 less than during war time.

Now, there was one question asked by one of the members of this committee on the results of the applications made by employees to the Regional War Labour Boards and the National War Labour Board, and if you have a pencil and a piece of paper—I am sorry I have only the one statement here—I can give you a very brief chart showing the result of employee applications made during the four month period from January 1, 1946 to April 30, 1946; and, if you will put over on the right hand side of your sheet a column for applications; another column for employees. Now, the first figures refer to the applications granted in full, 177 applications affecting 30,683 employees; granted in part 68 application, affecting 28,438 employees; denied 41 applications, affecting 16,815 employees.

By Mr. Smith:

Q. What was the number again?—A. Forty-one applications, affecting 16,815 employees. Total number of employee applications received during that period was 246, involving 75,936 employees. When you take into account the applications granted in full and in part, you will find 83.4 per cent of the total, those denied comprise 16.6 per cent of the total.

By Mr. MacInnis:

Q. Would Mr. Murchison give the figures for the applications made by employers in the same manner as those made by employees?—A. Yes, we can supply that information but I have not got it before me at the moment because it means a breakdown for this same period. We have not got that information available at the moment. We have it for the whole period of wage control.

Q. I do not know what this period is for; but I understood this information was brought forward to answer an assertion that was made to the effect that applications made by employers were granted more readily than applications made by employees. We cannot make comparisons unless we have both figures.

Mr. SMITH: That was my idea too.

The WITNESS: The reference was made, the other day, Mr. Chairman, to the delay in dealing with employee applications, and at the same time it was

said that a joint application or an employer application was dealt with promptly. Well, it so happens, that whenever an employee application comes in, boards require the unions, if there are unions involved, or the employees themselves, to supply their employer with a brief or a statement showing the grounds on which they are seeking the wage increases and then there is the right of the employer to make an answer if he wishes and finally the union or the men's representative can file a rebuttal. All that, of course, consumes time. On the other hand, if you are dealing with a joint application, you know that the parties making the application have agreed on a certain adjustment in wage rates and there is no point in delaying the issuance of any decision.

By Mr. MacInnis:

Q. May I refer Mr. Murchison to the third paragraph in his submission today where he says:—

The operators and the International Woodworkers of America in the interior region of British Columbia did not accept the coast region rate increases as their pattern.

Would the Department of Labour file with the committee a copy of the Interior Lumber Operators agreement, the International Woodworkers of America. I think we should have that for information. I would say it must be pretty close to the pattern because of the statement in the other paper filed with the committee by the department—it would be filed by the department this morning—you will observe the note at the bottom of page 1, as follows:—

The schedule of rates for interior sawmills varied considerably prior to last increase and there were adjustments to be made in basic rates—for example in mill operations, the basic varied from 63½ to 67 cents and the commissioner arranged to standardize the whole by making the new basic rate of 77 cents.

That would imply that the increases there were from 10 cents to 13½ cents. Is that correct?—A. I have that information right here, Mr. MacInnis; but it only gives the rates for the sawmills. I understand there is a different rate for the sawmills; there is one rate for the sawmills and another rate for the loggers and we should have the rates for the loggers, I think, as well as the rates for the sawmills.

By Mr. Smith:

Q. In the second last paragraph, on the first page, you say:—

The study revealed that in a large number of the cases to which I have referred, collective agreements were concluded on a basis which, in the view of management at least, reflected the trend in the United States.

Then do I properly regard what follows as an expansion of that idea? I mean, in what follows the commission has undertaken to prove that assertion. Am I correct in that?—A. Yes. We made an investigation, Mr. Smith, particularly with respect to those companies having their main offices in the United States, companies with subsidiaries in Canada. Probably we thought we might get some information from them all as to what the basis was.

Q. Do I gather this to be your assertion: that 18½ cents was pretty much a pattern in the United States? And that, boiled down, it roughly means that a 10-cent increase here would be approximately the same as that granted there, because of the overtime provision in the week of 48 hours, that is, the overtime for 8 hours, because that has been eliminated and you are back to a 40-hour week?—A. That is what happened, yes.

Q. In other words, that is what you are trying to show. Is it a fair inference there, what you have said, that the 18½ cents increase in the United States, owing to the fact they had that overtime provision, is approximate to the 10-cent increase in the Dominion of Canada? That is the point, is it?—A. Yes; that already was made clear to us when we were making the investigation.

Q. I see. Do you know whether or not in the United States the Act respecting the 40-hour week which, I think, is called the Fair Labour Standards Act, is that act once more in force in the United States?—A. Yes; I am told that it is.

Q. In other words, then, he is paid further for overtime after 40 hours.—A. Yes; I believe that is true, if more than 40 hours is worked, of course.

Q. Do you know whether or not it would be a factor? That is, I mean, is it a factor much in use up there?—A. You mean the payment of overtime?

Q. Yes.—A. I am sorry, I cannot answer that. I do not know.

Q. So you do not know whether or not industry in general is back on a 40-hour basis?—A. You mean in actual work?

Q. In actual work.—A. I cannot give you that information at the moment.

Q. In other words, if industry is in fact back to a 40-hour week, if the act is in force, the 40-hour week is in force and industry is in fact doing a 48-hour week over there; then these figures you have given do not mean very much in the way of "take home" pay.—A. If they are still working a 48-hour week, obviously they are in a much better position than they were during the war years; but the argument used, as I recall the news items in particular, the argument used in support of the increases, and bearing in mind the increases as set in the first place were ranging from 25 cents to 30 cents, were they not; and some larger than that; and the argument used was that these men were losing their "take home" pay by going back to the 40-hour week.

Q. Yes, but the 40 hour week in the United States was something which was sought by labour.—A. It was established over there before the war in matters over which the federal Department of Labor had jurisdiction.

Q. But it was sought by labour; they sought the 40 hour week?—A. Oh yes.

Q. They sought it from 12, to 10, to 8; and then the 40 hour week.—A. They wanted it brought back.

Q. Yes. What I am trying to get at is this: that if we leave out the question of overtime altogether, then you think that the comparison given us is fairly accurate; do you not?—A. Yes, in the matter of labour costs. That is the comparison used, not of wage rates as such, but a comparison of labour costs.

Q. In the matter of labour costs, perhaps I should qualify that I have no intention of discussing it on that basis. Of course, labour costs are something of importance to management and consumer, are they not?—A. Well, I have heard a great deal about that in the last week or two.

Q. You will at least go that far with me?—A. Yes, sir.

Q. Yes. Thank you very much.

By Mr. MacInnis:

Q. Mr. Chairman, might I ask a few questions on the very important point—or what in my opinion is an important point—raised by Mr. Smith. The inference here is that because of working the 40-hour week instead of the 48-hour week that was worked during the war, the increase in wages gained by the United States workers is not really an increase in wages of that amount, but of something about 8 cents less than that. That is the proposal that is made. The 40-hour week was the law in the United States during the war, was it not? I say, the 40-hour week was the law in the United States during the war?

Hon. Mr. MITCHELL: Yes, that is true.

An hon. MEMBER: Forty-eight.

Mr. MACINNIS: No, 40.

The WITNESS: The law continued to be on the statute books but there was a general exemption granted to permit them to work 48 hours provided overtime was paid for the additional 8 hours.

Mr. MACINNIS: The point I want to make is that the 40-hour week was the standard work week in the United States during the war. I say the standard work week, according to law, in the United States was the 40-hour week.

Hon. Mr. MITCHELL: Sure; but they were paid overtime for the other 8 hours additional.

By Mr. MacInnis:

Q. I understand. I will get to that by and by if you answer my question yes or no. Was it or was it not?—A. The Act was in effect, subject however to this extended work provision.

Q. We do not need to consider that at the moment. The 40-hour week was the standard work week in the United States during the war. Is not that correct?—A. Well, I presume it was in effect, subject however to this extension.

Q. There was no extension.—A. You have got to read the extension into the entire wage rate.

Q. As far as I know there was no extension. Do you mean there was an extension by amendment to the Act?

Mr. MAYBANK: No. Was there?

By Mr. MacInnis:

Q. Was there an extension to the 40-hour week, by an amendment to the Act?—A. The statute was not amended; they simply granted extension for that purpose.

Q. Wait a minute.—A. And moreover, during the war years this Act covered a lot more employers than it covered prior to the war. In other words, the Act was made to extend to all people who were producing munitions and war supplies, not necessarily confined to those subject to the Interstate Commerce Commission.

Q. Will you answer my first question, that the 40-hour week was the basic work week in the United States during the war?

Mr. JOHNSTON: The 40-hour week?

Mr. MACINNIS: The 40-hour week.

The WITNESS: I would not like to go that far, Mr. MacInnis. The Act was in force but did not affect everyone. This is a federal statute.

By Mr. MacInnis:

Q. Let me read to you the first part of your brief, or what you presented today. I do not need to call it a brief. Perhaps you would not call it that. You say, "The Hours of Work Act"—and then you take that out and put in "The Fair Labour Standards Act"—in the United States was a pre-war measure which applied to companies under federal jurisdiction.—A. Yes.

Q. Then you go on to say, "It required a 40-hour week and provided that overtime at the rate of time and one-half would be paid for hours required to be worked in excess of 40 per week." That was the situation in the United States during the war?—A. That is right.

Q. That is what I was trying to get at.

Mr. SMITH: I do not think it was.

Mr. MACINNIS: Wait a minute.

Mr. SMITH: Do you not think you would solve the difficulty if you asked him on what he justifies those words "Extended work week" in quotation marks. There must be some authority for that.

Mr. MacINNIS: Where do you find that? Wait a minute. I think I can make this quite clear. It was provided that any time worked after 48 hours would be time and a half?

Hon. Mr. MITCHELL: After forty hours.

By Mr. MacInnis:

Q. After 40 hours would be worked at time and a half?—A. That is right.

Q. The 40-hour week is still in effect?—A. Yes.

Q. And any time worked after 40 hours will be worked at time and a half with the 18½ cent increase. Unless you can show that overtime will not be worked—that is up to 8 hours, or any amount of time—those figures that you have given us on page 2 are misleading, are they not?—A. No, I do not think so because in the war emergency I am told that the federal government asked these employers to move their standard work week up to 48 hours in order to get production, but now that condition does not apply.

Q. Perhaps not as an instruction from government, but there is an enormous production demand to be met, and will you say that industry will not work overtime in the United States?—A. I would not say that, but the object of overtime is not so much to give employees more money but to discourage employers from working their men too long hours.

Q. That is quite right.—A. If some individual employer finds it expedient to work up to 48 hours that is his business as long as he pays time and a half.

Q. The point I want to make is that your figures as given here put a wrong construction on this issue because the 40-hour week was in effect in the United States prior to the war and continuously during the war. Workers in Canada were working overtime, too, were they not, in various plants?—A. Oh yes.

Q. Perhaps just as much overtime as they were in the United States—perhaps not so much considering the difference in the standard wages—and workers in Canada would also be losing take home pay if you make the same calculations in regard to them as you have made in regard to the workers in the United States? Is that not correct?—A. You mean to go down to a 40-hour week?

Q. Yes.—A. No; usually when you reduce the standard work week you invariably bring down the overtime condition to the standard work week.

Q. But say in the logging industry on the Pacific coast—

The CHAIRMAN: Order please; 1 o'clock. Before the committee leaves I have this statement to make. In view of the fact that the whole of the companies' briefs are going into the record Mr. Millard requests that the whole of the union's brief, from which he read extracts last week, also be made a part of the record.

Some hon. MEMBERS: Carried.

Brief of C. H. Millard, United Steel Workers of America, Appendix "A".

The committee adjourned at 1 o'clock p.m. to meet again at 3.30 p.m.

The Committee resumed at 3.30 p.m.

Mr. LIEFF: Just by way of cleaning up some odds and ends, I would like to say that I was handed a statement and a profit and loss account of the Algoma Steel Corporation for the years 1939, 1940, 1941, 1942, 1943, and 1944. There has been no time to analyze them as yet as they were just received before to-day's adjournment.

Mr. CROLL: Will they appear in the record?

The CHAIRMAN: If you so desire. (Appendix B).

Mr. LIEFF: There is also a communication from Dosco which indicates that they will have some difficulty in getting figures quickly, but the auditors have been instructed to get them.

The CHAIRMAN: I will recall Mr. Murchison.

Mr. C. A. L. Murchison—Recalled.

The WITNESS: There was just one question Mr. MacInnis was asking me before the adjournment. That was to find out what brought about the change from the 40 to 48 hour week in the United States. The answer to that is that at the beginning of the war the United States government appointed a War Manpower Commission, and by executive order that commission was given power to authorize employers to increase their work week to 48 hours. Prior to that it would have been an offence for any employer to allow more than a 40 hour week. In this executive order the War Manpower Commission was given the authority to authorize the increase, and it should be pointed out that the commission's directions were not mandatory but, I am informed, that industry generally adopted a 48 hour week during the emergency. They were paid over-time.

By Mr. Johnston:

Q. Which, in effect, was a penalty clause.—A. Yes. I am also informed that steel was the last of the industries in the United States to go from 40 hours to 48 hours, but they went there eventually, and I believe they are back to 40 hours a week now.

By Mr. Gillis:

Q. Is it not true that the steel industry in the United States is still working a 40 hour week being paid overtime for 48 hours?—A. I am not positive on that, I am informed in the short time I have had to get information that they have gone back to 40 hours. That may be incorrect but it is the best information I could get.

Q. I made inquiries elsewhere and the information I received was that steel was still working 48 hours and being paid overtime at 18 cents. As regards the picture you drew this morning in your brief with regard to the United States, I cannot see it as being a guide for future conditions in Canada. Was it your intention in this brief to fix that 10 cent formula as being international at this time?—A. No, let me make it clear to you that I was not dealing with wage rates as such. What I was trying to say to you was that in relation to labour costs the ten cent increase in Canada would have just about the same pressure on our price ceiling as the 18½ cent increase would have upon the United States economy. I was not dealing with wage rates at all; do not let me leave you with any such impression. All I was saying is that the pressure against the price ceiling is the only point raised in that brief.

Q. With regard to the United States, is it not a fact that through the war they worked 56 hours in some industries but they were paid double time for over 48 hours?—A. I am afraid I cannot answer that.

Q. During the war in Canada a lot of industries worked also 52 to 56 hours a week but received no overtime.—A. Time and a half was fairly general.

Mr. HOMUTH: Anything over the work week they got time and a half.

Mr. GILLIS: There are industries that worked straight time.

Mr. HOMUTH: Until such time as the new law came into effect.

By Mr. Gillis:

Q. In the brief presented to us there seemed to be an idea of a formula. Have they something that guides them in regard to work weeks in the United States?—A. They have an Hours of Work Act in Ontario, one in Alberta, and one in Saskatchewan and one in British Columbia and, a think, one in Nova Scotia.

Q. Applicable only to certain industries. This matter of the loss in take-home pay by reason of the reduction in hours has exactly the same effect in Canada as it did in the United States?—A. It has a relative effect; yes.

Q. You are sure of the figures that you used in this brief, are you—I mean with regard to the eight cents the operator paid?—A. The percentage is perhaps a more accurate way of considering the problem. You cannot say $8\frac{1}{3}$ cents because of the different wage levels. It may mean more than that in some cases and less in others. You are safe in sticking with the percentage basis in working that out.

Q. I am going to ask you what may be an awkward question. You heard the union's proposal here that an industrial council should be set up for each industry. Do you think it is logical to carry it out that the present War Labour Boards could be replaced to greater advantage by the setting up of industrial councils where the people can get together and arrive at some settlement?—A. That all depends upon whether you are content to send all the matters back to the provinces from where they came. I do not know how you could get the provinces at this time to allow the federal authority to administer any law relating to such matters as you suggest. That is difficult. Otherwise, you might have something well worth while considering.

Q. I know that as far as Nova Scotia is concerned, you would have no difficulty. The Minister of Labour there made a statement that in so far as the government there is concerned, they would be quite content to hand over labour relations to the federal government.—A. You would have to get the same answer from the other provinces. I want to say, however, that the provincial governments have, generally speaking, cooperated to the fullest extent with the federal government in this wage stabilization programme. My own impression, also, is that they are looking forward to the day when they can have these problems brought back to their jurisdictions.

Q. What do you think of the idea that a basic steel industry should be called a national industry? There are only five or six of them. If they were declared national industries and came under the federal government in the matter of wages particularly, do you not think it would be better if they had a national council?—A. You mean under some new law?

Q. Under the existing law.—A. The only objection to that is that we would be taking away from provincial jurisdiction some employers that they contend are theirs. There is another objection, and we have had representations made from banks and other employers asking why they cannot come to the national board instead of to regional boards. We had the matter of provincial-dominion relations to consider and we did not assume jurisdiction over such employers.

Q. I am merely asking you this question now because they are tied in with the difficulties we are having. Personally, I think regional and national boards were necessary during the war, but now they delay matters and allow difficulties to develop such as we have on our hands now. That might be ironed out.—A. Of course, the regional or national boards did not have a chance to get into this at all, Mr. Gillis, because no applications were made to the board.

Mr. GILLIS: Oh well, I don't want to open that up any more.

Mr. HOMUTH: In order to be able to deal with cases of this kind you must have an application placed before you, is that not so?

The WITNESS: I am afraid that would be much too complicated to answer in a simple way at the moment; but under our order we have power to declare a certain employer or group of employers as national employers. That is true.

Mr. HOMUTH: But that is under the War Measures Act, is it not?

The WITNESS: That is now under the National Transitional Powers Act. We have the same order under the new Act.

By Mr. Smith:

Q. May I ask you one question. Let us go back to when the \$5 was given to steel and let us assume that at that time the employer and the employee had made a joint application for a 10 cent an hour increase in wages. Do you think of any reason why at that time that increase could not have been granted?—A. In April?

Q. Yes.—A. No, there would not have been any obstacle in the way in April, because we had in effect at that time the amendment, P.C. 348, to the wages order, and the companies under that would have given us the assurance that they could have absorbed the increased labour cost without making it necessary for them to seek any further increase in the price of their goods.

Q. What I had in mind, one company came here this morning willing to give 10 cents. What I want to have you tell us is had that application been made for 10 cents, do you know of any obstacle in the way of granting that increase at that time?—A. No.

Q. Can you think of any reason for a strike having been called—but perhaps I shouldn't ask you that question.—A. I am glad I did not hear it then.

Q. Possibly you had better not answer.

By Mr. Black:

Q. Perhaps Mr. Murchison could give us a little more information about the 18½ cent increase accepted so generally in the United States. Was that an arbitrary increase or did it represent increased earning power of the workmen under a shorter day; or, was it an ordered increase?—A. I think, Mr. Chairman, I can answer Mr. Black's question best by referring to a passage or two in the judgment of the National Wage Stabilization Board (that is the United States board) dated April 4, 1946, in the matter of the General Electric Company and the United Electrical, Radio and Machine Workers of America, CIO. This is in the form of an executive order. It goes on to say:—

Thus, Section 304 of the Regulations of the Economic Stabilization Director, issued March 9, 1946, provide that "In determining whether there exists a gross inequity between related industries, within the meaning of this section, consideration shall be given to the extent to which the take-home pay of the employees in the respective industries has been reduced as a result of the transition to a peace-time economy." In certain situations the elimination of gross inequities resulting from an increase of a specific amount in one industry will warrant and permit the approval of a different, either a smaller or a larger, increase in another which is related. This will depend upon the degree of the relationship, the history of previous wage practices, and differences in wage conditions and reconversion wage developments.

The almost exact coincidence of previous General Electric increases with those in the steel and automobile industries is significant in the determination of this gross inequity issue here. There have been substantially similar reductions in take-home pay resulting from postwar cut backs in the three industries.

So these increases that they granted in this General Electric case of 18½ cents were for the purpose at least of re-establishing in part the take-home pay the employee had during the war years.

Q. With shorter hours.

The CHAIRMAN: Are we through with the witness?

Thank you very much, Mr. Murchison.

A. H. Brown, Vice-Chairman, National Labour Relations Board, called.

By Mr. Lieff:

Q. You are the Vice-Chairman of the National Labour Relations Board?—

A. Yes, sir.

Q. Just for the purpose of the record, who is the chairman?—A. Mr. Justice G. B. O'Connor, of Edmonton, is the chairman.

Q. Would you mind stating briefly what your experience has been in the labour department prior to your appointment as vice-chairman of this board?—

A. Mr. Lieff, I came into the employ of the dominion government in 1929 as secretary and solicitor of the Canadian Farm Loan Board. Following the start of the war I spent a considerable period of time with the Department of National Defence in the field of dependents' allowance, and as chairman of the Dependents' Allowance Board for a year. I joined the Department of Labour in 1943, and became vice-chairman of the National Labour Relations Board in 1945.

Q. Did you, Mr. Brown, prepare a statement as to the various regulations administered by the board?—A. Yes.

Q. Have you copies of it?—A. I think copies have been distributed.

Q. Will you proceed then, if you please?—A. With your permission, Mr. Chairman, I will read it:—

MEMORANDUM RE WARTIME LABOUR RELATIONS REGULATIONS P.C. 1003 OF FEBRUARY 17, 1944

BACKGROUND OF THE REGULATIONS

1. Following a public inquiry into labour relations and wage conditions undertaken by the National War Labour Board in the spring of 1943, the board in its report following thereon made recommendations which included a recommendation for the introduction of legislation to provide for compulsory collective bargaining between employers and employees in industry.

2. Subsequently in November, 1943, the Minister of Labour arranged a conference at Ottawa of the dominion and provincial ministers of labour to discuss proposals for a wartime labour code to provide for compulsory collective bargaining between employers and employees in war industry and defining and prohibiting unfair labour practices on the part of employers and employees.

3. Those attending the conference were agreed on the general desirability of the proposals but provincial authorities were not unanimous with regard to the coverage of the proposed legislation. Some provinces favoured the view that all industry should be declared to be war industry and covered by the legislation. Others favoured the application of the legislation only to important industries engaged in war production and leaving with each province the decision as to whether or not the legislation should be extended to apply to other industries under provincial jurisdiction. Almost all provinces favoured the establishment

of provincial boards by the dominion in co-operation with the provincial authorities to administer the legislation so that the experience gained in wartime administration would be available in the enactment and administration of like provincial legislation in the post-war period.

4. Legislation was drafted after the conference, and forwarded to the provinces and to leading labour and employer organizations for critical comment and suggestion prior to the final settling of the legislation. The legislation was settled in final form after replies from the foregoing were received and was passed in February, 1944, under the title of the Wartime Labour Relations Regulations.

SCOPE OF LEGISLATION

5. The regulations apply to employers and employees

- (a) in industries normally under Dominion jurisdiction; Sec. 3(1) (a)
- (b) in certain specified industries designated as war industries; Sec. 3(1) (b) and Sec. 3(2) and (3)
- (c) in industries under provincial jurisdiction where the province by legislation applies the regulations to such industries. Sec. 3(1) (c)

All provinces except Alberta, P.E.I., and Quebec passed legislation making the provisions of the regulations applicable to employers and employees in industries under provincial jurisdiction.

Saskatchewan subsequently in the Fall of 1944 repealed its legislation bringing provincial industries within the scope of the regulations and enacted its own collective bargaining act covering such industries.

ADMINISTRATION

6. In all provinces except the provinces of Alberta and P.E.I., pursuant to individual agreements entered into between the province and the Dominion, the regulations as applicable to the industries specified as war industries in the regulations are administered by a provincial board appointed after consultation with the province and consisting of a chairman and representatives of employers and employees. The provincial board also has jurisdiction with respect to provincial industries in the provinces where the regulations have been made applicable thereto. In British Columbia, the provincial Minister of Labour acts in place of a provincial board. (Sec. 36).

A national board consisting of a chairman, and a vice-chairman acting in the absence of the chairman, and four representatives each of employer and employees administers the regulations with respect to industries normally under Dominion jurisdiction and this board also acts as an Appeal Board to dispose of appeals from decisions of provincial boards. (Sec. 23).

7. These provisions for the application of the Dominion regulations to industries under provincial jurisdiction at the instance of the province and for the establishment of provincial administrative agencies by agreement between the Dominion and the province will no doubt be of particular interest to the committee at a later stage in considering problems involved in labour administration arising out of divided Dominion-Provincial jurisdiction in labour matters.

DESCRIPTION OF LEGISLATION

I come now to the particulars of the legislation and its operation.

Certification of Bargaining Representatives (Sections 5-8)

1. The legislation provides an orderly procedure for the settlement of disputes between rival union organizations or between an employer and a union as to the right of a union or other labour organization to represent employees in any particular establishment for collective bargaining purposes.

A union claiming to represent the majority of employees in an employer's establishment may apply to the appropriate board established under the legislation for certification of its bargaining representatives. The board investigates the application, notifies the employer and all other interested unions and holds a hearing, if necessary, in cases where the application is contested. The board determines whether the unit of employees which the union seeks to represent and which may comprise all or part only of the employees of an employer is an appropriate unit for collective bargaining purposes and satisfies itself either by vote or otherwise as to whether the applicant has the support of the majority of employees in the bargaining unit. If so satisfied, the board issues a certificate which has the effect of giving to the bargaining representatives so certified the exclusive right to represent the employees comprising the bargaining unit for collective bargaining purposes.

The employees are bound by the terms of any collective agreement negotiated by these bargaining representatives.

Upon due notice given by either party, the employer and the bargaining representatives so certified are required to negotiate in good faith with one another for the purpose of completing a collective agreement.

A procedure is also provided to enable new bargaining representatives to be certified in substitution of those certified at an earlier date upon application to the board for such purpose. (Sec. 9).

The procedure to determine representation outlined above is similar in many respects to that provided in the United States under the U.S. National Labour Relations Act.

Of course where the claim of union or employees' organization to represent employees is not questioned by the employer or another organization, it is not essential to obtain certification in order to negotiate an agreement.

Negotiation of Collective Agreement (Sections 10-14)

2. Following upon the certification of bargaining representatives, negotiations for an agreement may be initiated by either party on ten days' notice to the other. Either party after negotiations have continued for thirty days may apply to the board for the services of a conciliation officer. This request is transmitted by the board to the Minister of Labour, who makes available the conciliation services of the Department of Labour to assist the parties in negotiations. In event of continued lack of progress by the parties, a conciliation board may be appointed by the Minister of Labour on the recommendation of the conciliation officer assigned to the negotiations. A conciliation board consists of a representative nominated by the union, a representative nominated by the employer and a chairman selected by the two other members or, in event of their failure to agree, by the Minister of Labour. It is the duty of the conciliation board to endeavour to effect an agreement between the parties but in any event whether or not agreement is reached the board is required to report its findings and recommendations to the Minister of Labour, who sends a copy of the report to the parties and may give it such publicity as he sees fit.

Where wage provisions are involved in the negotiation of a collective agreement, any change in wage rates requires the approval of a War Labour Board under the Wages Control Order before the provisions of the agreement with respect to wage increase may be executed by the parties. (Section 10, Subsection 4).

Stoppage of work whether by way of strike or lockout is prohibited during the course of negotiations to effect an agreement and until fourteen days after the conciliation board reports to the minister.

Stoppage of work with a view to obtaining a wage increase or in protest against a decision of a War Labour Board is prohibited by the Wage Control Order.

In effect these provisions bringing into operation conciliation machinery and prescribing a waiting period prior to strike action or lockout are similar to the conciliation procedures prescribed in the Dominion Industrial Disputes Investigation Act which was in effect prior to the enactment of the present regulations and the operation of which is suspended during the period of operation of these regulations. (Sections 10 to 14). These provisions also apply in the negotiation of renewal agreements. (Sec. 16).

Term of Agreement

1. Where a collective agreement has been entered into, it is not capable of cancellation by the parties, without the consent of the board within less than a year after its effective date but after that time it may be terminated by either party on two months' notice. The purpose of this is to afford an opportunity for revision of the terms of an agreement after the same has run for a reasonable time and at the same time to ensure that an employer and bargaining agency presently claiming to represent the employees shall not, by joint action, prevent another union having the actual majority support of the employees from obtaining proper recognition. (Section 15).

Arbitration of Disputes in Connection with Collective Agreements

All disputes between parties to a collective agreement arising out of the alleged misinterpretation or violation of the terms of a collective agreement are required to be arbitrated in accordance with the procedure for final settlement of such disputes contained in the agreement. It is obligatory on the parties to include such a procedure in the agreement. Where this has not been done the board is empowered to establish such procedure on application of either party to the agreement. The procedure so established becomes a part of the agreement and is binding upon the parties. (Sections 17 and 18).

Unfair Labour Practices

The regulations also define and prohibit certain actions on the part of employees, unions, employers and employers' organizations commonly known as "unfair labour practices". These provisions are designed for the protection of the employer or the employee or the union as the case may be. (Sections 19 and 20).

Prosecutions under the regulations may be undertaken by or with the consent of the board. (Section 45).

Summary of Regulations

In summary, the regulations provide

- (1) an orderly procedure for determining the bargaining representatives to represent the employees in an establishment for purpose of collective bargaining, for defining the bargaining unit, for change in the bargaining representatives in accordance with the wish of the majority of the employees, and for the negotiation of agreements;
- (2) for compulsory collective bargaining between an employer and the certified bargaining representatives of the employees and for bargaining in good faith by both parties;
- (3) an orderly procedure for conduct of collective bargaining and conciliation measures with a view to reaching an agreement;
- (4) compulsory arbitration of disputes arising out of the administration of subsisting collective agreements;
- (5) Definition and prohibition of unfair labour practices.

Mr. Maclean, who is chief conciliation officer of the department and chief executive officer of the Wartime Labour Relations Board will describe later to the committee the operation of the conciliation services of the Department of Labour which administer the conciliation provisions of the regulations.

By Mr. Lieff:

Q. I wonder if you would turn to page 2, paragraph 5, of your statement, subsection (a). Would you care to elaborate on that a bit and perhaps give to the committee an example or two as to the type of industry which normally falls under dominion jurisdiction?—A. Yes. Works or businesses operated or carried on in connection with navigation and shipping. Lines of steam or other ships, railways, canals, telegraphs, and other works and undertakings connecting the province with any other or others of the provinces, or extending beyond the limits of the province. Lines of steam ships between the province and any British or foreign country. Operations between any province and any British or foreign country or between two provinces. Those are examples. It is not exhaustive.

Q. As to subsection (b), I wonder if you would care to tell the committee what industries have been designated under that subsection, or is that information available in the department?—A. It is available in a schedule to the regulations of which I think all members of the committee have a copy. Do you wish me to read from that?

Q. Perhaps we could indicate it. It is P.C. 1003 dated February 17, 1944, and the schedule appears on the back page. Is that right?—A. Yes.

Q. Then subsection (c). Have you any information as to those cases in which the provinces have applied those regulations?—A. I think I said all provinces at the present time except Alberta, Prince Edward Island, Quebec and Saskatchewan have, in effect, legislation making those regulations applicable to their own industries.

Q. Thank you, Mr. Brown.

By Mr. MacInnis:

Q. Mr. Chairman, Mr. Brown said that he came into the Labour Department in 1943. What time in 1943?—A. I think, January, 1943.

Q. In January; that is the beginning of the year. When were you made vice-chairman of the National War Labour Board? I think that is your position.—A. May, 1945.

Mr. SMITH: National Wartime Labour Relations Board.

Mr. MACINNIS: Wartime Labour Relations Board.

Mr. SMITH: Yes.

The WITNESS: Right.

By Mr. MacInnis:

Q. I think the one I used was the short name for it. What were you doing before that? Perhaps you answered this question, but I do not remember the answer. What were you doing in the Department of Labour from the time you came in in 1943 until you were appointed to your present position in 1945?—A. Departmental solicitor.

Q. Did your work bring you actively in contact with labour or industrial relations?—A. Yes.

Q. In what way?—A. Well, as administrative officer in the Department of Labour.

Q. What experience did you have in connection with labour matters before you came into the Labour Department in 1943?—A. No specific experience in that field.

Q. Did you have any experience that was not specific?—A. No. I think I told you I had had a considerable period of experience in government administration, over a period up to the time I came into the department.

Mr. SMITH: I did not hear the answer, Mr. MacInnis. Would you mind repeating it?

Mr. MACINNIS: He said he had considerable experience in departmental work with the government before he came into the Labour Department.

The WITNESS: That is right.

By Mr. MacInnis:

Q. Yes. But you did not have, up till the time you were appointed chairman of the Wartime Labour Relations Board—

Mr. CROLL: Vice-chairman.

By Mr. MacInnis:

Q. Up until the time you were appointed vice-chairman of the Wartime Labour Relations Board, you did not have any specific experience in adjudicating on or settling labour disputes?—A. No. I have given you my experience; departmental solicitor in the department.

Q. I notice in your submission on page 1 you use the term—and it is used in various places throughout—"bargaining representatives" and on page 3 you use the term "bargaining agency". Is the term "bargaining agency" recognized anywhere in P.C. 1003?—A. No. It is not specifically defined.

Q. Had there been considerable complaint from organized labour over the term "bargaining representatives" in this order?—A. There have been representations made, I believe, to have bargaining agencies—that is, unions—certified directly rather than bargaining representatives designated by the unions.

Q. Then, when you use "bargaining agency" on page 3, you are not using a term that is recognized by P.C. 1003?—A. Where is that?

Q. It is No. 1, term of agreement, the fourth line from the bottom of the paragraph.—A. The actual term used in sections 17 and 18 is:

Either party to a collective agreement may make application to the board for the establishment of a grievance procedure.

Q. But there is no mention of "bargaining agency" in the order?—A. That is correct.

Q. It is some time since I have gone over this and discussed this matter with representatives of organized labour, but my understanding is they feel the term "bargaining agency" was purposely not used in the order as the government did not wish to give that recognition to a trade union as a bargaining agency. I think that is the way it was put.—A. That is not my understanding of it. My understanding of it was that this particular provision was adopted from the British Columbia Industrial Disputes Investigation Act. I believe representations in support of that provision were made at the time by the trade union organizations. It gave the trade unions, I believe it was felt, some break over unaffiliated employees organizations.

Q. Bargaining representatives would not necessarily do that because there can be bargaining representatives outside of a trade union?—A. Yes, but a trade union is given the right to designate the bargaining representatives where the trade union itself is given authority for that purpose by the employees of the bargaining unit.

Q. Surely that is always recognized where the union is recognized by the employer?—A. That is a specific provision in the regulations; in the case of an unaffiliated organization where the unaffiliated organization is in the majority

the bargaining representatives have to be elected directly by the body of employees.

Q. Turning to paragraph 2 on page 2 it reads:—

Either party after negotiations have continued for thirty days may apply to the board for the services of a conciliation officer.

Was there ever any objection by the trade unions to the strength of that period?—A. I do not recall that.

Q. What I have in mind—A. There may have been; I have not heard it.

Q. —is that it really should not take thirty days for a company and the union to find out that they could not come to an agreement?—A. I think that was the period that was in the Industrial Inquiry Act, and the provision for a thirty day period at the time the regulations were drafted I think had the approval of the employer and employee organizations. I do not recall any specific representations.

Hon. Mr. MITCHELL: It is a part of the cooling off period. It was in the I.D.I. Act.

Mr. SMITH: What was that?

Hon. Mr. MITCHELL: It is what they call the cooling off period. It was a part of the old I.D.I. Act. It is in the British Columbia legislation and the legislation of the state of Minnesota.

By Mr. MacInnis:

Q. How is the term "negotiate in good faith" interpreted? How do you come to the conclusion that one party or the other is not negotiating in good faith?

Mr. SMITH: Now you are asking something.

The WITNESS: That is something I cannot give you an answer on that would cover your question. Each case depends on its own set of facts.

Q. I imagine it is like trying to determine when the last offer is made.

Hon. Mr. MITCHELL: It has had that effect. You remember the old days.

Mr. MACINNIS: In the old days they used to bargain in good faith.

Hon. Mr. MITCHELL: When the companies would not meet the union at all. Now they have at least got to sit down with them.

Mr. SMITH: Perhaps we can satisfy ourselves it was a pious hope.

Hon. Mr. MITCHELL: It has worked in a big way.

By Mr. Smith:

Q. I wish you would turn back to the very first page in your submission. I read you this extract.

Legislation was drafted after the conference.

First of all who were at the conference?—A. The provincial ministers of labour, the dominion minister of labour, and representatives of the officers of the various departments of the dominion and provincial governments.

Q. Purely a governmental conference, was it?—A. Yes.

Q. Then you go on:—

and forwarded to the provinces and to leading labour and employer organizations for critical comment.

Who were the leading labour and employer organizations to whom it was forwarded?—A. On the employer side the Canadian Manufacturers Association, the Canadian Chamber of Commerce, the Canadian Construction Association. I am just speaking from memory now. On the employees side the Canadian Con-

gress of Labour, the Trades and Labour Congress, the railway organizations and the Catholic Federation of Labour.

Q. Do you intend to convey by this brief that all these persons affirmed this legislation, this order in council?—A. I believe at the time the legislation was passed there were expressions of opinion from all these organizations.

Q. Can you not make that better than “believe”? Mr. Chairman, it seems to me of some importance that if industry or labour joined in setting this legislation up and now do not intend to pay any attention to it we should know what they said at the time it was set up. Can you not do better than that and tell us what was said by these various organizations at that time?—A. I think we can get the record on that.

Hon. Mr. MITCHELL: We can get that.

The WITNESS: We can get the record on that for the committee.

Mr. SMITH: I think it might be advisable now that nobody is paying any attention to it. It does seem to me it might be worth while if we found out what the parties said. I want to know who said it in each individual case. Your record will undoubtedly disclose that. May I accept it, Mr. Minister, that will be produced for us?

Hon. Mr. MITCHELL: Yes.

Q. Going on to this question of determining as to what is the proper bargaining agency, if Mr. MacInnis will allow me to use this expression, from who are representatives appointed? I am now reading from the middle of the paragraph on the description of legislation:—

The Board investigates the application, notifies the employer and all other interested unions and holds a hearing if necessary in cases where the application is contested. The board determines whether the unit of employees which the union seeks to represent and which may comprise all or part only of the employees of an employer is an appropriate unit for collective bargaining purposes and satisfies itself either by vote or otherwise as to whether the applicant has the support of the majority of employees in the bargaining unit.

What authority has the adjudicator with respect to taking votes?—A. The Board may order a vote in any circumstances where it considers it advisable to do so.

Q. The Board may order that vote under such conditions as it proposes as to the taking of that vote?—A. Yes.

Q. We have heard that there was a vote taken at the Steel Company at Hamilton. Is that a fair sample of what this means?—A. No, that was not taken under the Wartime Labour regulations. You have an application for certification by a union and the union is asked to establish that it has a prima facie majority in the plant.

Q. What do you mean by “prima facie”?—A. Either that it has a majority of the employees in the plant as bona fide members or that it holds written authorizations from the majority of the employees in the plant. The Board then sends in an investigating officer to check on that situation, and has the investigating officer before it. If it is satisfied that the majority of the employees in the plant are bona fide members of the union, it may go ahead and certify the bargaining representatives without going ahead with a vote.

Q. I think that was done in this case.—A. I do not know.

Right Hon. Mr. HOWE: I think the province of Ontario certified it under the provincial act.

The WITNESS: That steel company certification was made under the old Ontario Labour Court Act, which was repealed.

By Mr. Smith:

Q. That was approved by your national board?—A. Yes, certification under that act was recognized by us.

Q. You do recognize certification made on provincial authority; and is that what you did in the Steel Company's case?—A. The order in council automatically provided for carrying through with certification under our regulations. It did not come before our board again. The organization, having been certified under the Ontario act, that certification was deemed to have been made under the Wartime Labour regulations.

Q. Whatever was done was accepted by the Dominion organization, and they are the certified union in that plant?—A. That is correct.

Q. Subject to producing the information I have referred to, that is all I have to ask you.

By Mr. Merritt:

Q. P.C. 1003, Mr. Brown, has never been amended since it was enacted?—A. Yes, it was amended; sections 15 and 16 were amended.

Q. Do I take it that this extract that we have represents the amendment?—A. Yes.

Q. What was the change?—A. The change in section 16 was to make the provisions for conciliation applicable to negotiations or renewal agreements. There was some doubt raised on that point. As far as section 15 is concerned, this section was amended so as to prohibit cancellation of an agreement by consent of a party within a period of less than one year after the period the agreement had run.

Q. That brings me to the next point I want to raise. I was told by a senior trade union official not later than Saturday afternoon that, in his opinion, P.C. 1003 did not apply to the renewal of an agreement and that it had been so held by the board.—A. That is not correct. When that matter came up for consideration by the board and there was doubt raised on that point, it was at that time that these amendments were made to the regulations. These amendments were made in September, 1944.

Q. I will just pass on to you as a responsible officer of the department that by a senior trade union officer I was told not later than Saturday last that, in his opinion, P.C. 1003 did not apply while an agreement was not in force, that is, after the expiration of it.—A. I think the provisions are very specific on that point.

Q. In quickly reading section 16, I do not see how that is so specific. I suggest to you that it might be looked into to make it more clear because, without mentioning his name, this was a very responsible officer of a union and his opinion would have very great weight in the trade union movement. There seems to be some doubt about that. I want to ask you this. In view of your experience, or the experience of the department over the last three years on the advice that you received from two large trade unions in their annual presentations, have you any amendments to the order that would suggest improving settlements of labour-management disputes?—A. The department, I have no doubt, will have some representations to make on that point. I did not expect to be asked to deal with that today, and I am not sure whether you want my personal expression of opinion. I should think you should want the representations from the department on that point.

Q. I would be very glad to have your personal opinion.—A. I will defer that, if I may.

Q. I want to suggest a couple of things to you, Mr. Browne. One new procedure which has come in since P.C. 1003, as I understand it, is an order which authorizes the appointment of commissioners; is that correct?—A. The appoint-

ment of commissioners in industrial disputes, you mean? That is 4020; that was in effect before the regulations.

Q. Do you believe or do you not believe that there is a need for both a conciliation board and a commissioner?—A. Both have been used very extensively by the department, and I think there is a need for both of them.

Q. Do you believe that in major disputes a conciliation board can serve a purpose where it is very likely that the appointment of a commissioner will necessarily fail?—A. I think they both have their places.

Q. Do you think that in some cases the use of both procedures, one on top of the other, would cause undue delay and, therefore, affect adversely possible settlement of the dispute?—A. Well, there is no restriction under P.C. 4020. The minister may use his discretion in the appointment of a commissioner.

Q. In actual fact, have the commissioners ever been appointed before conciliation boards have tried to settle a dispute?—A. I cannot tell you that. Mr. Maclean may be able to give you more information on that point. The conciliation part of the department's work is under Mr. Maclean, who is chief conciliation officer, and he would have more knowledge on that point than I would, Mr. Merritt.

Q. Now, Section 5 deals with the certification of bargaining agencies. It is my understanding that in many cases negotiations have gone on for very long periods of time before applications have been made for conciliation boards, very much longer than thirty days. Is that not often the case?—A. That may be so.

Q. Is that not so?—A. Yes, I think so. That is a matter for either party to apply. Neither party has to apply for the services of a conciliation officer, but they may apply at that time.

Q. Has it not often been the case that the parties have met, perhaps disagreed very early, and then have not met more than once in that period of thirty days; to your knowledge?—A. Well, I should like frankly, Mr. Merritt—your inquiries along that line—I would be glad to do what I can; but as I say, Mr. Maclean is the chief conciliation officer and he could give you more particulars; but in general it is simply a matter—it is up to either party, either party may apply after thirty days for the services of a conciliation officer. In many cases they go along without negotiations for some time after thirty days before they come to the department for assistance. After all, the matter is one just between the parties to just go ahead and negotiate. Once they get to the point where either party wants the services of the department then it applies.

Q. In your personal capacity have you any responsibility to study developments and suggestions that are made to the department with a view to making improvements in P.C. 1003? Have you any responsibility in that direction?—A. I carry out whatever assignments in that connection that are given to me by the minister or the deputy minister, Mr. Merritt.

Q. For instance, not long ago the Trades and Labour Congress and the Canadian Congress of Labour presented their annual briefs containing suggestions in regard to amendments which they handed to you for consideration and report. Did you have anything to do with those?—A. I have seen all those recommendations.

Q. Is it any way part of your duties to make recommendations to either officers of the department, or as to what you think of the suggestions made by the Congresses?—A. Well, whatever responsibility in that connection was given to me by the deputy minister or the minister I carry them through and make my report on that point.

Q. Well then, let's take a specific case. On the first of April the Trades and Labour Congress presented a brief to the dominion government, their

annual brief, in which they made certain definite recommendations as to amendments they were desirous to see made in P.C. 1003. Did you see those representations?—A. Yes.

Q. Did you give any opinion yourself, or form any opinion as to the desirability or undesirability of those amendments?—A. Mr. Merritt, my report—my views on that point—my representations on that point are made, as I say, to the deputy minister, and any changes in regulations or any recommendations would be a matter of departmental or government policy.

Q. And you do not wish to make any statement on that here?—A. No.

Q. Will you go this far: will you say whether you have recommended any change, and specify what that change might be?—A. Well, they have been under study—but when any changes are to be made I suppose the minister will announce them at the appropriate time.

Hon. Mr. MITCHELL: I might say this: Mr. Brown is an official of the Department of Labour. If you want to find fault with the labour code, I have no objection. I understand. I will answer the questions. It is my responsibility. I am the one who has the say; yes or no.

Mr. MERRITT: I may say to the minister that I have no desire to find fault with the labour department, but rather my own desire in this instance was to suggest any improvements that I might think would be valuable, and I wanted to get the opinion of an officer of this board as to my suggestions. But I see he does not wish to answer, so I will not embarrass him by asking any further questions.

Hon. Mr. MITCHELL: If I might point this out, this code was established in 1944. I may say it is working admirably. There are weaknesses. It was a new thing, and in the light of experience we had to change it. I have always to think of the constitutional aspect. As Mr. Brown has pointed out, Alberta are running their own show, and British Columbia to a great extent, and to a large extent at the moment the province of Quebec. And the only reason why we have the code is because it was possible under the Emergency War Measures Act. When that disappears I do not know what we are going to do with the constitutional aspect of it.

Mr. MACINNIS: You know what to do next.

Hon. Mr. MITCHELL: Pardon?

Mr. MACINNIS: I say, you know what to do next.

Hon. Mr. MITCHELL: What do you mean?

Mr. MACINNIS: Settle this strike trouble.

Hon. Mr. MITCHELL: I will tell you how to settle this trouble, it is easy. Give everybody everything they want. That is the answer to it.

Mr. McIVOR: Give them what they have.

Hon. Mr. MITCHELL: Give them what they want. That is easy.

Mr. CROLL: We have tried everything else but that.

Hon. Mr. MITCHELL: Yes, we have tried everything else but that. That is the easy way out. I am just pointing that out to you, that there is really no fundamental question asked in this brief in connection with these orders in council. It was anticipated that we were to have had a conference of provincial ministers of labour in September. After all is said and done, you know and they know that this is a matter that comes within their jurisdiction in peacetime. When you had your War Measures Act and your Transitional Powers Act you could do that, but when they come to an end automatically the thing goes back to the provinces. We are now puzzling our brains trying to find some way of working out a policy to make the return to their jurisdiction in an orderly manner.

Mr. MERRITT: I would be interested, and I think possibly other members of the committee would be also, to hear from perhaps the minister himself as to what effect the experience we have had under this very valuable wartime labour code, and the improvements he can suggest to us which will take away at least some of the seasonable obstacles to the settlement of disputes. I think the minister might be prepared to make such a statement.

Hon. Mr. MITCHELL: I would say this to my honourable friend. It is not legislation you want; it is commonsense and stability. I say the mere effect of writing something on a piece of paper does not in the main solve a problem. So many people talk about laws and what not and what have you. It is not that that counts. As I often said, I believe the Trade Union Agreement is not a legal document. It is based on character and the willingness to give and take. There is no law. I do not think any law can be passed that would be more powerful than those ideal conditions. I want to say this: that this legislation was largely projected on the Industrial Disputes Investigation Act which worked well in this country for thirty years, and on the Act that existed in British Columbia which was the province that pioneered in the application of this kind of legislation. Mr. Smith asked a question and I will have the information for him in the morning. But when this order in council was passed, there was no serious objection made by any organization in the Dominion of Canada. I think Mr. MacInnis raised an argument about bargaining agents. There was no intention of the government to work in opposition to trades unions. The most powerful organizations at the outbreak of the war in this country were the railroad brotherhoods, and they acted through bargaining agents; but I do not see why it should not be bargaining agents or bargaining agencies. That was the best that we could give to it, and it has worked admirably in the main. Some organizations have never bothered to be certified. Take the railroad organizations. Just a few of them bothered to be certified. If anyone has got anything better, let us have it because I think, outside of this move at the moment, it has suited the wishes and the desires of the great majority of the labour organizations in this country.

There is a fight going on in Australia led very largely by the Communist party circumventing what they call their arbitration courts. The Labour government there is having great difficulty at the moment. As I say, there are some people in this country who feel that to win what they think they are entitled to is absolutely to ignore any legislation that is set up anywhere by a province, a municipality, or a federal government. I think that when sanity gets back into this situation, they will see to it that the sound organizations are those that are the lasting organizations and that maintained their agreement. I have always held this opinion. I have been in the trade union movement a good many years. I have never advocated a strike in my life. I think the organizations in my community, in Hamilton, up to the time I left there, are the ones that had the best agreement and that existed the longest and were the ones that conducted their business along that line. I do not think there is any substitution for men sitting down to a table. You cannot call a fellow a scoundrel today, or tell the world that he is a scoundrel today, and expect him to sit down with you tomorrow morning in a good frame of mind.

Mr. McIVOR: The war labour code is so nearly perfect because there were many labour leaders who constructed that labour code.

Hon. Mr. MITCHELL: First of all, we started off with what we thought was a pretty fair piece of legislation. We sent it to the labour organizations, to the employers, and to the provincial governments. I believe they suggested, between them, about seventy odd amendments. Those amendments we endeavoured to weave into the document as best we could, and that is the result. That is not the wages side; that is the conditions and the recognition side; and with that

side we have had very little trouble. Most of the trouble has come on the wages end of it, where they challenged the authority of the War Labour Boards to stabilize the wage structure in this country. That is the big issue at the moment, outside of Steelco, where Mr. Millard wants the Rand formula introduced into that plant, and the other two plants.

Mr. CROLL: The wage structure at that time was not a matter that was considered by the various unions.

Hon. Mr. MITCHELL: No.

By Mr. Croll:

Q. At page 4 of your brief it says:—

A union claiming to represent the majority of employees in an employer's establishment.

Is your understanding of a majority 51 per cent, and is that the departmental interpretation?—A. Yes, that is the board's interpretation, anything over 50 per cent.

Q. Anything over 50 per cent. If you have not got this information, you need not answer; but can you tell us what interpretation is placed on the word "majority", say, by the province of Ontario?—A. Well, the Ontario board in an earlier stage, issued decisions in one or two cases holding that a majority under the regulations meant a majority of those voting in a vote conducted under the auspices of the board.

Q. Did any of the other labour departments take a different view from the view that you expressed, or that the department holds?—A. Not that I know of. There has never been a decision that I know of by a board in another province which differed from the view expressed by the national board.

Q. Does Ontario recognize your view of anything over 50 per cent?—A. That is correct. They have followed the decision of the national board.

Q. They have set aside the earlier interpretation and now follow your decision of 50 per cent of the people in that plant, or the people voting.—A. Of the people in the bargaining unit.

Q. Of the people in the bargaining unit. I see; 50 per cent or better. Anything over 50 per cent of the people in the bargaining unit.—A. That is correct.

Q. And that is uniform throughout the country now?—A. That is correct.

By Mr. Gillis:

Q. You told us, Mr. Brown, I believe, in answer to a question, that your board functions under the Emergency Powers Act at the present time. Providing there is a vote extending that Act when it expires, the position may be that your board may be put out of existence?—A. That is correct.

Q. It means the abnegation of the P.C. 1003 legislation?—A. That is correct.

Q. What is the position in Ontario, providing P.C. 1003 goes out? The only legislation they have is P.C. 1003. In the province of Ontario they took that order in council and they made it applicable to all industry in this province.—A. I believe the Ontario authorities hold the view that even if P.C. 1003 were repealed, it would still be in effect in Ontario because they have re-enacted it as provincial legislation and made provision in the provincial legislation for the establishment of a board to operate it.

Q. It would continue in Ontario?—A. I believe so.

By Mr. Homuth:

Q. It is legislative in Ontario?—A. That is correct.

By Mr. Beaudoin:

Q. Isn't that the same case in the province of Quebec?—A. No, in the province of Quebec, the province has its own distinct collective bargaining legislation applicable to its own industries.

Q. And it contains the same broad principles as P.C. 1003?—A. Yes, in general.

Q. Now, you know that the United Steelworkers of America have asked that the steel industry be recognized as a national employer?—A. Yes.

Q. Did the union make the request to your board to that effect?—A. No; that decision would not be applicable in so far as the Wartime Labour Regulations are concerned.

Q. It would not be under your jurisdiction. Who would decide as to whether the steel industry be recognized as a national employer or not?—A. It would require an amendment to the regulations to bring all applications from employers in the steel industry before the national board. At the present time it comes under the regulations as a wartime industry, basic steel.

Q. Yes.—A. It comes under the provincial code; under the provincial board.

Q. Is that an industry which is contained in annex A of P.C. 1003?—A. Yes, some parts of it.

Q. What I want to know is if the steel industry was to be recognized as a national employer, to which authority should representations be made?—A. The situation would be this, that in the provinces where P.C. 1003 is now applied, to provincial industries, the applications for certification employers in the steel industry, would come before the provincial board. You would have to amend your regulations and amend your agreement with the provinces in order to transfer the jurisdiction to the national board. I do not think it is really applicable. It is merely a matter of certification of the bargaining unit in the individual plant.

Q. As the minister reminded us a minute ago, this legislation was passed under the War Measures Act and it is now existing under the National Emergency Act?—A. That is correct.

Q. And once the National Emergency Act goes out of effect, or stops existing, then your board goes out of existence also?—A. That is correct.

Q. And the jurisdiction is returned to the provinces?—A. With respect to provincial industries, yes; industries normally under provincial jurisdiction.

Mr. MACINNIS: May I ask a question?

Mr. HOMUTH: Mr. Chairman, did I understand the minister to say that the information for which Mr. Smith asked would be available?

Hon. Mr. MITCHELL: Yes, I will get it. I thought it would be better if I got the statement made by Mr. Mosher, Mr. Bengough and others.

Mr. MERRITT: Would the minister also get the annual briefs—I have only the one for 1946—as to what the unions proposed, making suggestions?

Hon. Mr. MITCHELL: I have only one copy myself.

Mr. MERRITT: Was there not one in 1945?

Hon. Mr. MITCHELL: There is one every year, yes.

Mr. MERRITT: Perhaps the others could be added too, with the suggestions they have made.

Mr. BLACKMORE: How far back?

By Mr. MacInnis:

Q. There is one other amendment to P.C. 1003, which is: "paragraph (b) of subsection (3) of section 48 is rescinded". That paragraph reads: "The order in council made on the 16th of September, 1941 (P.C. 7307) as amended." Section (3) provides that these orders shall be suspended as far as P.C. 1003

is concerned but otherwise shall remain in effect. What effect will this amendment have? Will P.C. 7307 disappear? Has it been revoked?—A. P.C. 7307 has been repealed.

Q. It has been repealed?—A. Yes.

Mr. LIEFF: I will call Mr. Maclean.

Malcolm M. Maclean, Industrial Relations Director, Department of Labour, called and sworn.

By Mr. Lieff:

Q. You are chief conciliation officer in the Department of Labour?—A. I think that is my civil service title. I am known at present as the Industrial Relations Director of the department.

Q. Would you care to tell this committee something about your experience in labour matters, first before you came into the Labour Department and, secondly, since you came into the department?—A. Well, my experience in the labour movement goes back a number of years. I think I heard Mr. MacInnis say during the discussion before the committee that he had been in the trade union movement for 36 years. I think if you added my experience in the trade union movement to the experience I have had in the Department of Labour, I can just do a little better than he can by about 4 years. So that during that period for 36 years I was a member of the trade union movement and for most of that time I was the national secretary treasurer of the Canadian Brotherhood of Railway Employees, an organization that was formed down in the maritime provinces in 1908. I came into the Department of Labour in August, 1942, as chief conciliation officer; and subsequently, when P.C. 1003 was brought into existence, I was appointed chief executive officer of that board. That would be in March, 1944.

Q. And I understand you have a statement to make as to the operation of the conciliation machinery of the department and other related substance. Have you a prepared statement?—A. Yes.

Q. Are there copies?—A. Yes. I have given copies to the messenger. The statement reads as follows:—

CONCILIATION SERVICES UNDER THE WARTIME LABOUR RELATIONS
REGULATIONS, P.C. 1003

Mr. Brown has explained generally the principles of P.C. 1003 and the procedures followed in implementing the Regulations upon application. I shall now give the Committee some additional information concerning the manner in which conciliation services are made available under the regulations and under other legislation or regulations having the force of legislation.

After a trade union or an employee's organization has been certified in accordance with the provisions of Sections 5-8 of the regulations the certified bargaining representatives may give the employer notice of their desire to enter into collective bargaining negotiations, or the employers may give such notice to the bargaining representatives. The regulations require that the parties must bargain in good faith with each other.

When the parties have continued negotiations for a period of thirty days and an agreement has not been completed, either party may request the intervention of either the Wartime Labour Relations Board (National) or its associated provincial boards, depending upon the jurisdictional sphere wherein the request for assistance originates. The section of the regulations providing for this intervention reads as follows:—

If negotiations for an agreement have continued for thirty days and either party to the negotiations believes that an agreement will not be completed in a reasonable time, it may so advise the board indicating the difficulties encountered and may ask the board to intervene with a view to the completion of an agreement.

Where certification proceedings have not been instituted for the reason that the employer and the trade union or employees' organization are already dealing with each other under a collective agreement, the intervention of the national board or its associated provincial boards may also be requested under section 11 of the regulations (which I have just read) following compliance with section 16, as amended, which reads:—

(1) Either party to a collective agreement may, on ten clear days notice, require the other party to enter into negotiations for the renewal of the agreement within the period of two months prior to the expiry date, and both parties shall thereupon enter into such negotiations in good faith and make every reasonable effort to secure such a renewal.

This next one is a subsection which I believe does not appear in the printed P.C. 1003 which you have in your folders, and it is important particularly after the questions asked by Mr. Merritt of Mr. Brown a short time ago.

(2) Where either party to a collective agreement has required the other, pursuant to subsection one, to enter into negotiations for the renewal of the agreement, sections eleven, twelve, thirteen and fourteen shall apply to such negotiations for the renewal of the agreement as in the case of negotiations for a collective agreement.

It will thus be seen that where the parties are having difficulty in renewing or renegotiating an already existing collective agreement provision is made for conciliation assistance in the same manner as following certification of bargaining representatives.

The procedure followed in order to obtain conciliation services depends upon whether the business or undertaking affected is one which comes under the jurisdiction of the National Board or its provincial boards. In five provinces; namely, British Columbia, Manitoba, Ontario, New Brunswick and Nova Scotia, the regulations have been applied to businesses and undertakings ordinarily within provincial jurisdiction. In the provinces of Saskatchewan and Quebec, the regulations apply only to businesses and undertakings enumerated under Schedule A of the regulations.

When an application is made for assistance in negotiating a collective agreement in any of the provinces I have mentioned, it is made through the provincial board established by agreement between the Dominion and the various provinces. Upon receipt of the request for intervention or assistance, the board concerned makes an inquiry to ascertain if the provisions of the regulations regarding negotiations between the parties have been complied with. This inquiry is not extensive. Generally the board must ascertain:—

(1) Has the applicant been certified, or is it a party to an existing collective agreement; if the latter, is it a bona fide agreement?

(2) Has the proper notice been given by and to the parties?

(3) Have negotiations between the parties been carried on for the period of time required by the Regulations?

The request is then referred to the Dominion Minister of Labour.

With respect to works and undertakings that are within the initial jurisdiction of the National Board and works and undertakings in Alberta enumerated under Schedule A of the Regulations, the application for intervention comes directly to the National Board.

However, whether the request for assistance reaches the Dominion Minister of Labour through the National Board or a provincial board a conciliation officer is appointed either from the staff of the Dominion Department of Labour or the staff of the provincial department of labour in the province where the request originates. The department has arrangements for joint use of conciliation staffs with the labour departments of Ontario, Manitoba and British Columbia, and it also has satisfactory relations of the same kind with the labour department of the Province of Quebec. The Dominion Department of Labour maintains a staff of conciliation officers at Ottawa, Montreal, Toronto, Winnipeg, Vancouver and in the Maritimes.

APPOINTMENT OF CONCILIATION BOARDS

The sections of the regulations dealing with the establishment of conciliation boards follow closely the procedures laid down in the Industrial Disputes Investigation Act, 1907, which Act was suspended when the Wartime Labour Relations Regulations P.C. 1003, became effective. The conciliation board is appointed under Section 13 of the regulations and the manner of constitution etc., is set forth under Sections 29-35. I may point out, however, that the regulations provide time limits within which the conciliation officer must be appointed, must deliver his report, and also within which a board must be established and deliver its report, subject of course to extension by joint consent of the parties or by the Minister of Labour.

It is the duty of the Conciliation Board to endeavour to effect an agreement between the parties with respect to the matters upon which they have not agreed, and, in any event, to make its findings and recommendations to the Minister. These findings and recommendations are transmitted to the parties concerned and made public by the Minister. Fourteen days after the Board has reported the employees are free to strike, or the employers are free to lock out.

By Mr. Adamson:

Q. That is not clear. That last wording was not in here on the brief?—

A. That is right.

Q. Do you want it there?—A. I forgot to put that in. The employees are free to go on strike fourteen days after the board has reported or the employers are free to look out.

CONCILIATION SERVICES UNDER SECTION 8 OF P.C. 4020

Section 8 of P.C. 4020 provides conciliation assistance in special cases that do not come within the scope of the Regulations. This section of the order reads as follows:—

The Minister of Labour may appoint an Industrial Disputes Inquiry Commission for the purpose of investigating any situation which in his opinion appears to be detrimental to the most effective utilization of labour in the war effort or may interfere with the effective transition to a peacetime economy in Canada. The Commission shall report its findings and recommendations to the Minister of Labour who may take such steps as he deems necessary and desirable to effect such recommendations.

It is under this section that a number of conciliators have been appointed, chiefly from the bench and the professions, such as Mr. Justice Roach in the steel dispute, and a number of others that are functioning at the present time.

CONCILIATION SERVICE UNDER THE CONCILIATION AND LABOUR ACT

The Conciliation and Labour Act (Chap. 110, R.S.C. 1927) empowers the Minister of Labour to enquire into the causes and circumstances of industrial disputes and to take expedient measures to bring the parties together with a

view to effecting a settlement. The minister is also authorized to appoint a conciliator or an arbitrator to deal with any dispute when requested by the parties involved.

APPLICATIONS FOR CERTIFICATION DEALT WITH BY NATIONAL AND REGIONAL WARTIME LABOUR RELATIONS BOARDS

From inception of P.C. 1003 in March, 1944, to July 1, 1946, the National and Regional Boards have dealt with some 3,628 applications for certification. They have granted certification in 2,773 of these cases. They have rejected 371 applications. Applicants withdrew 250 applications, and of the remainder a number are still under investigation.

APPEALS

From inception in March, 1944, to July 1, 1946, the National Board dealt with 91 appeals from the decisions of provincial labour relations boards. Of these appeals 24 were allowed; 55 were denied; 9 were withdrawn; and decisions on three were pending.

CONCILIATION PROCEEDINGS UNDER THE WARTIME LABOUR RELATIONS REGULATIONS P.C. 1003

During the period March 20, 1944, to July 1, 1946, there were 337 cases involving procedure under the conciliation provisions of the regulations. Of these cases 114 were settled through the efforts of conciliation officers without recourse to board procedure.

One hundred and eighty-six boards of conciliation were established during this period. Of the 168 cases concerning which reports were received by July 1, 1946, 82 settlements were effected by the boards. In 18 of the remaining cases, as of July 1, boards were still functioning or had not yet been finally constituted; the parties to the dispute were still negotiating in 27 cases; and in 59 instances, the regulations had been unsuccessful in assisting the parties to reach a settlement of the matters in dispute between them. Following transmission of board's reports to the parties, strikes occurred in only eight instances. This figure does not include strikes arising out of questions not considered by boards.

Comparing the 59 cases in which failure of conciliation proceedings under the regulations was indicated with total number of cases in which certification of bargaining representatives was granted by the National and Regional War-time Labour Relations Boards (2,773) a percentage of 3.1 of failure resulted.

APPOINTMENTS UNDER SECTION 8 OF P.C. 4020

During the period from January 19, 1943 (when Section 8 was adopted), to July 1, 1946, the Minister of Labour appointed 15 Industrial Disputes Inquiry Commissions under this Section of P.C. 4020. These investigations involved 492 employers (including 416 affected in the recent logging and lumber strike alone) and some 100,500 workpeople.

In 8 of the 15 cases, the Commissioner's inquiry effected or led up to a satisfactory settlement, while three of the remaining 7 are current cases.

INDUSTRIAL DISPUTES OR SITUATIONS MEDIATED UNDER THE CONCILIATION AND LABOUR ACT, DURING THE CALENDAR YEARS 1940 TO JUNE 30, 1946

Total disputes or situations	1,563
Total establishments	2,692
Total number of workers involved	722,759

Now those latter figures can be broken down quite extensively into the nature of the dispute or situation. For example, if they deal with strikes, lockouts, threatened strikes, other controversies, arbitration, requests to take consent election, requests for verification of union membership. All these circumstances I have read in my statement can be broken down into these number of cases. I can give the committee further details on the record, if that is desired. I did not include in my brief any reference to section 5 of P.C. 4020, and I would like to read that section, and then give you some figures as to the results that followed the application of that particular section. Section 5 of P.C. 4020 reads as follows:—

An Industrial Disputes Inquiry Commission shall, upon direction of the Minister of Labour, examine into any allegation that any person has been discharged or discriminated against for the reason that he is a member of or is working on behalf of a trade union or that any person has been improperly coerced or has been intimidated to induce him to join a trade union and, failing settlement of the matters at issue, shall forthwith report its findings and recommendations to the Minister of Labour. The Minister shall issue whatever order he deems necessary to effect such recommendations and such order shall be final and binding upon the employer and employees and any other person concerned.

(2) Any person refusing or failing to comply with an order of the Minister made under this section, shall be guilty of an offence and liable upon summary conviction to a fine not exceeding Five Hundred Dollars (\$500.00) for every day that such refusal or failure to comply continues.

Since that section came into effect the Minister has appointed 111 commissioners; that is from 1941 to August 5, 1946. The number of employers affected were 116; the number of employees involved was 676 in applications to these commissions pertaining to that particular section, that is, charges that employees had been dismissed because of union activity or had been discriminated against by reason of union activity. The number reinstated voluntarily as a result of the commission inquiry, was 120; the number of charges withdrawn by unions was 84; the number of charges withdrawn and monetary settlement made by employers was 2; the number of employees dismissed for union membership and union activity and re-instatement ordered by the Minister of Labour with back pay was 39; the number of those who had been dismissed for cause was 70; the number of those dismissed or laid off for economic reasons was 293; the number of those found to have left employment voluntarily was 16; the number found to have secured preferable employment or otherwise not wishing to return, was 29; other disputes, miscellaneous, 9; dispositions pending—14.

By Mr. Lieff:

Q. There has been some mention made of the 30-day period during which they can negotiate and following that they may ask for conciliation service. Would you care to make a comment on that?—A. I think I read section 11 of the Wartime Labour Regulations:—

If negotiations for an agreement have continued for thirty days and either party to the negotiations believes that an agreement will not be completed in a reasonable time, it may so advise the Board indicating the difficulties encountered and may ask the Board to intervene with a view to the completion of an agreement.

Now, that provision was taken from other legislation and under The Industrial Disputes Investigation Act, there was a cooling-off period of some time and this period was a period that was put forward at the time of the legislation and it

was found agreeable to the various parties concerned, to the labour union organizations, to the employers and to the provinces.

The CHAIRMAN: Is the committee through with Mr. Maclean?

By Mr. MacInnis:

Q. I would like to ask one question. Due to your previous association with the labour movement, I presume that a representative would be more frank to you than to a person who did not have the same experience? What faults or shortcomings in the labour order has been brought most often to your attention?

—A. Gentlemen, Mr. Merritt also touched on that question when Mr. Brown was up here, and he asked, I think, what amendments were suggested by the trade union organizations, and I have a brief statement which I will give if the committee wishes to hear it. Briefs were presented to the government and to the department, and briefly, these amendments were submitted by the Trades and Labour Congress of Canada and by the Canadian Congress of Labour. The most important of the amendments set up by the Canadian Congress of Labour were designed to certify bargaining agencies rather than individuals; to disqualify company unions being certified; to provide for a change in working conditions while an application for certification was being considered; to confine requests to trade unions and eliminate employees' organizations; to widen the types of grievances to be submitted for final arbitration; to promote compulsory payment of union dues; to empower the board to maintain a closed shop. The members of the Trades and Labour Congress of Canada suggested amendments to provide a more practical interpretation of the word "confidential" used with respect to employees. To prevent management from making changes in terms of employment while applications for certification are proceeding; to eliminate legalism and lawyers from the operation of the regulations; to permit certification if a majority of employees voting supported a bargaining agency.

Mr. HOMUTH: Did you say lawyers?

The WITNESS: Yes sir. That is one of the requests made.

Hon. Mr. MITCHELL: That is his Nova Scotia brogue.

The WITNESS: To reduce the number of board members; to prohibit company unions; to clarify the legal position of closed shop or union shop; to recognize a trade union as a bargaining agency instead of the individuals bargaining representatives.

To answer Mr. MacInnis' question, I may say that the amendments most frequently suggested to the regulations, P.C. 1003, are those dealing firstly with the voting; that is to say whether the number of employees should be those who vote or a majority of a bargaining unit if a vote were taken. That is to say that the number who vote should be recognized as a majority rather than the number of those affected in the bargaining unit.

Mr. MACINNIS: As in the case of appointing a member of parliament.

The WITNESS: Yes. I would say that is their position. Secondly, that instead of a bargaining representative being certified that a bargaining agency should be certified. I think those two are the ones that are most generally suggested. As a matter of fact, the suggestions made by the two large union organizations here, the two congresses, are what I would call refinements to the legislation rather than fundamental questions of policy.

By Mr. McIvor:

Q. Mr. Maclean has, as we all know, experience and is always courteous; I should just like to ask him one question. When you know the cause of anything you are more likely to be able to find a cure. What would you say is the outstanding cause of our labour troubles in Canada; and what would be your suggested cure?—A. At the present time, Mr. McIvor?

Q. At the present time, yes.—A. You ask me to cover a very wide range there, Mr. McIvor. I think I can say this, quite frankly and honestly; that in my judgment the labour difficulties to-day are not due to any weakness in the legislation. And now, I am talking about legislation of which I have some knowledge and with which I have something to do in the way of administration. I am not talking about the Wartime Wages Control Order. That has been dealt with by Mr. Murchison and by other witnesses here, and I do not think I should be asked to make any statement in respect to it. With regard to War-time Labour Relations Regulations, P.C. 1003 and to the related order in council P.C. 4020—all of which are enactments of the government, of parliament, which we administer—I think the record which I have given to-day speaks for itself, and that there is no fundamental reason in that legislation so far as conciliation services are concerned. Now, I do not know whether I have fully answered Mr. McIvor or not. As I say, he has given me a big assignment. I would think that the legislation which is laid down and the procedures adopted by the government during the war and peacetime—this post-war period—should be followed by trade unions and by all those concerned; and I believe if they are followed good results can be achieved by them, not only in getting certification, in getting conciliation services, but also in getting a reasonable measure of wage adjustments under collective agreements.

Mr. McIVOR: I thought, Mr. Chairman, myself, as a member, that the reason for so many of our disputes is that too many want to get and very few want to give.

The WITNESS: I think that is true of human nature generally.

By Mr. Smith:

Q. You and Mr. Brown between you have given a list of disputes settled by conciliation boards and by commissions. Where these settlements were made what proportion of the persons involved as either chairmen, or conciliators or commissioners, what proportion were lawyers? About 98 per cent, wasn't it; where successful settlements were made? Can you think of one where it was not a lawyer? Perhaps he would answer it for us.—A. I think that generally speaking since I came into the department in August of 1944, at least 95 per cent of those who were appointed as conciliation board chairmen or as commissioners under P.C. 4020, under section 5 of 4020 and section 8 of 4020 were either judges or lawyers.

Q. Judges or lawyers, aren't they?—A. As a matter of fact, I think most of them are supposed to be.

Q. And so that the lawyers have at least 95 per cent of your successful settlements. I am getting damn tired of this sharp shooting at lawyers.

Rt. Hon. Mr. HOWE: Could you point out something; whether the 5 per cent who were not lawyers were as successful as the 95 per cent who were?

The WITNESS: We have found it increasingly difficult recently to obtain the services of judges either in the Supreme Court or the Appeal Court, or the County or District Courts, to handle these assignments, and sometimes we have been going outside the bench to obtain the services of men from the profession—lawyers, economists and so on. In the province of Ontario we have used a number of people outside the bench and their services have been highly satisfactory.

Mr. SMITH: Whom did we appoint here on Friday? What is the business of Mr. Brockington?

The WITNESS: Mr. Smith seems to be making a suggestion. I have no grievance against lawyers.

Mr. SMITH: I know you have not.

The WITNESS: As a matter of fact, I have always found them very co-operative and I get on with them very well.

Mr. SMITH: Thank you.

The CHAIRMAN: We will adjourn until to-morrow afternoon at three thirty.

Mr. MACINNIS: Have we no witness to go on with in the morning?

The CHAIRMAN: I understand that the Minister of Finance who is to appear is not quite ready yet.

Mr. MACINNIS: But even so, could we not get another witness to be heard until such time as the Minister of Finance is ready to appear?

The CHAIRMAN: Is the committee through with Mr. Maclean?

Some Hon. MEMBERS: Yes.

The CHAIRMAN: Then we are in this position, that we will have to have a meeting of the steering committee to decide who will be heard next. I may say that that committee is going to meet to-morrow afternoon at two o'clock.

Mr. MACINNIS: I understand that the secretary of the Canadian Congress of Labour has submitted an application to appear before the committee and that he has been waiting permission to appear practically since we started. Could we not bring him on in the morning?

The CHAIRMAN: It is up to the committee to decide. He intended to put his letter, which I received this morning, before our steering committee to-morrow at noon.

Mr. HOMUTH: I think we should defer to the Minister of Finance.

Hon. Mr. MITCHELL: I want to be quite frank when I tell you that I am nearly standing up asleep, and yesterday was Sunday at that. But I would like to have the morning off to try to get some work done.

Rt. Hon. Mr. HOWE: So would I!

Mr. BLACKMORE: I would like to hear Mr. Bengough, but I would not want to interfere with the Minister of Finance. I would like to see the committee get on with this thing as fast as it can.

The CHAIRMAN: It is understood that everyone who desires to appear before this committee will be heard in due course; but on the other hand, according to the agenda as it has been drafted up to date, the Minister of Finance was to be the first one to appear.

Mr. MACINNIS: When was that agenda drawn up? I did not see any agenda?

The CHAIRMAN: There is no written agenda, but it has been understood that when we should be through with this witness we would then go on with Mr. Conroy and the others. The committee now stands adjourned until 3.30 p.m. to-morrow.

The Committee adjourned at 5.36 p.m. to meet again to-morrow, Tuesday, August 6, at 3.30 p.m.

APPENDIX A

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- The Rand Decision.
- W.P.T.B. Order No. 617.

ERRATA

- Page 623, paragraph 13, should read:
- “This involves an hourly increase of 19½ cents for the employees of Algoma, Stelco and Dosco, except those employees of Dosco at Sydney who were not covered by the Ley Report of 1945 and who must therefore receive 24½ cents,” etc.
- Page 640, paragraph 9, line 3:
- “effort” should read “offer”
- Page 643, paragraph 4, line 2:
- “\$8 million” should read “\$9 million”
- Page 655, paragraph 3, line 4:
- “\$10.50” should read “\$10.00”

BRIEF

Submitted to the Industrial Relations Committee of the House of Commons by
the United Steelworkers of America, July 23, 1946

INTRODUCTION

The program in Canada of the United Steelworkers of America was adopted at a conference representing the entire Canadian membership of the Union, held at Quebec City in October, 1944.

The objectives set out in the program have been considered and fully approved by each local union in District 5 (the Maritime Provinces) and District 6 (the Central and Western Provinces), which are the two Canadian districts of the United Steelworkers of America.

It being understood that no great progress could be made until after the end of the war, the task of leading and directing a campaign to achieve the Union's objectives was entrusted to the Canadian officers, namely, the national Director, the Director for District 5 and the Director for District 6.

Another steelworkers' conference, meeting at Hamilton on February 2, 1946, constituted, for the assistance of the officers, a representative National Advisory Committee, from which the Union's negotiators have been drawn.

The Union's program will be discussed under seven headings, as follows:—

1. National recognition and national standards for the iron and steel industry.
2. A tripartite national council for the industry, representing labour, management and the public.
3. Union-management production committees.
4. A national minimum guaranteed annual wage of \$1,750, or \$33.60 per week.
5. A standard 40-hour work-week as manpower becomes available.
6. Two weeks' vacation with pay after five year's service.
7. Union security.

These represent the program or policy considered necessary and desirable by members of the Union, subject of course to modification through the normal processes of collective bargaining. If a fair and reasonable settlement were offered, its acceptance would be recommended by the National Advisory Committee to the membership, whose decision would be final so far as the Union is concerned.

It should also be pointed out that the seven points of the Union's program cannot be isolated from each other; they are inter-related and inter-dependent.

In Canada the basic iron and steel industry is represented by three principal companies, with a few others producing foundry iron and special types of steel. The three principal companies are:—

1. Algoma Steel Corporation Limited, hereinafter referred to as "Algoma".
2. The Steel Company of Canada Limited, hereinafter referred to as "Stelco."
3. Dominion Steel and Coal Corporation Limited, hereinafter referred to as "Dosco."

Each company operates a basic integrated plant for producing coke, pig-iron and steel, Algoma at Sault Ste. Marie, Stelco at Hamilton and Dosco at Sydney. All three companies also operate subsidiary or branch plants and mines, both in Canada and abroad.

The United Steelworkers of America is the recognized collective bargaining agency in the three basic plants.

The Union has also organized the workers in a number of the subsidiary or branch operations, which are set out in Appendix A to this brief.

A chronology of the events leading up to the strike of July 15, 1946, is set out in Appendix B.

The Union's contract with Dosco at the Sydney plant is open in all respects.

The Union's contract with Stelco at the Hamilton Works is open in all respects.

The Union's contract with Algoma at the Sault Ste. Marie plant is open as to wages and hours. The current contract covering other matters runs until April 22, 1947.

The Union's contracts with the companies in respect of subsidiary or branch operations are in certain cases open and in others not yet open.

The Union is seeking a general settlement with each company, defining the standards to be established in each local agreement, to take effect as and when provided in the settlement.

The Union is not demanding one agreement to cover the entire industry. It does, however, ask for a general settlement with each company, so that the Union's relations with each employer may be established on a more stable and orderly basis.

It is of great importance that whatever settlement is reached should include subsidiary or branch plants. In the past the exclusion of such plants has seriously impaired relations between the Union and the employers, particularly in the case of Dosco and Local 1231, Trenton, which was a party to the settlement of the steel strike of January, 1943, but was later barred by the National War Labour Board from any benefit under that settlement. Such cases can lead only to further disputes.

The interests of the public and all parties make it imperative that any settlement arrived at in good faith should be fully implemented without delay, and without amendment. It is impossible to exaggerate the importance of this point.

The settlement of the 1943 steel strike was embodied in an Order in Council, P.C. 689. Although the Government and the Union put their understanding in writing, it was referred (by the order in council itself) to the Minister of Labour and the National War Labour Board to be implemented.

Instead of implementing the settlement immediately and fully, the reorganized National War Labour Board, in a series of hearings extending from February, 1943, to April, 1946, saw fit to vary and amend the settlement which had been arrived at between the Union and representatives of the Government. In particular, the Board repudiated the Government's own recommendation that steel be designated a national employer, and referred many matters arising out of the settlement back to the Regional War Labour Boards.

The procedure followed in 1943 inevitably produced long delays in implementing the settlement. Dissatisfaction and resentment caused by the delays have been disturbing factors in the industry ever since 1943.

The procedure followed in 1943 also enabled War Labour Boards to amend or vary the settlement in a highly inconsistent manner. Thus the production workers at Sydney, who started the war with a base rate two cents higher than the base rate at Sault Ste. Marie, now have a base rate five cents lower than at Sault Ste. Marie, although the 1943 settlement provided for a uniform minimum rate at the two plants. Dissatisfaction and resentment caused by War Labour Board decisions of this kind have also been disturbing factors in the industry ever since 1943. The history of these decisions from 1943 to 1945, is outlined in Appendix B, which is an extract from a brief presented to the National War Labour Board by Union Counsel on April 11, 1946.

It is therefore important, when a settlement is reached under Government auspices in any industrial dispute, not only that it should be a sound and satisfactory settlement, but also that, firstly, it should take effect without undue delay and, secondly, it should not be open to amendment or variation later by any Board or other authority. Unless these two principles are respected, the best of settlements is likely to contain the seeds of another major dispute in the not-distant future.

I. National Standards for the Iron and Steel Industry

The interests of the nation demand that iron and steel be recognized without any qualification as a basic industry of national scope and importance.

During the war years, and since the end of the war, steel has been recognized as a national industry for all practical purposes *except* in labour relations.

For example, the industry was subject to national control of production, priorities and prices. It was obvious that an industry so essential to the war effort, an industry without which the unprecedented the growth of manufacturing generally would not have been possible, deserved the fullest national recognition, assistance and control.

Unfortunately, in the field of labour relations and collective bargaining, the industry was dealt with on a local or regional basis, resulting in a chaotic patchwork system of wage rates and working conditions which caused endless friction and misunderstanding among the workers employed in the industry, their employers and Government agencies.

Although mining and shipbuilding had national recognition for collective bargaining purposes, workers in steel were obliged to seek redress before provincial tribunals. Such was Government policy, and also the policy of the companies, except for a few days in 1943, when a spontaneous strike closed the plants at Sydney, Sault Ste. Marie and Trenton. Then, for a few days, and a few days only, until the men were persuaded to return to work, the industry and its problems were dealt with as they ought to be dealt with, on a national basis.

Ever since December, 1941, the Union has asked for national recognition, so that collective bargaining and other proceedings in labour relations could be conducted on an orderly national basis and not in piecemeal fashion.

During the steel strike of January, 1943, the Union representatives were assured by the prime minister in the presence of the cabinet that the government would recommend the designation of steel as a national employer. Relying on that assurance and others, the Union leaders persuaded their members, not without considerable difficulty, to end the strike and resume production. A few weeks later the National War Labour Board repudiated the Government's decision and the steelworkers' affairs were again relegated to the jurisdiction of Regional War Labour Boards, where they again became entangled in a maze of inconsistent decisions.

The steelworkers' claim for national wage standards in the industry is reasonable and well-founded. It would be unrealistic and illogical for the Wartime Prices and Trade Board to discriminate between different companies in the matter of price increases. It is equally unjustifiable to discriminate between their workers in the matter of wage standards.

II.—A National Council for the Steel Industry, representing Labour, Management and the Public

The proposed council would be made up of representatives from the Union, Management and Government. Following are some of the reasons for establishing such a council:

1. To insure the fullest possible development of our iron and steel-making capacity:

Production problems must be solved to give the Canadian iron and steel industry the greatest possible production per man hour. Certain basic steel plants have already taken the steps necessary to effect this requirement; at least one basic producer has not. Foundries are generally in no position to keep pace with any expansion of the steel industry. Productivity in most of these plants is far below present-day standards due, in most instances, to lack of suitable modern equipment. Much will depend upon the fabricating section of the steel industry. At least one basic producer has intimated that productivity in basic steel will be limited, to a great extent, by the productivity of the fabricators. This points to the question of consumers' demand, both at home and abroad.

2. To secure and fully develop our domestic and export market:

There must be high consumer demand so that all sections of the steel industry will operate at the highest production level. Home markets depend largely on consumer purchasing power and this purchasing power is only to be found in a fully employed and prosperous nation. Our export trade will depend largely on our import trade. Nations cannot buy if they do not sell. A high level of income in Canada means ability to purchase foreign goods and this in turn aids in the development of foreign markets for our own goods.

The proposed National Steel Industry Council should have as one of its functions liaison with the International Steel Committee proposed by the International Labour Office. This would enhance Canada's position in the world market and at the same time afford an opportunity for Canadian producers to know the nature and extent of the demand for their products.

The International Committee has already held preliminary meetings at Cleveland. Canadian steelworkers were represented at these meetings by the National Director of their Union. Although the largest steel companies in the world sent outstanding management men to the conference, Canadian companies were conspicuous by their absence.

Failure to establish the machinery for co-operation within our own country is thus causing failure to co-operate in an international body which is certain to have an important influence on the future of the steel industry.

3. Planned development of our own raw materials as a part of the Canadian iron and steel industry:

Recent years have seen the discovery and development of new iron ore mines in Canada. Our possession of this all-important raw material, as well as our possession, in certain areas of coal deposits, make it possible for our own iron and steel industry to attain a much more important place in world production. Unfortunately, there is a tendency to exploit the rich iron ore deposits of this country for export purposes alone. Canada can be much more than a mere exporter of raw materials and serious attention could be given by the Council to the expansion of the industry on the foundation of our own natural resources.

III.—*Union-Management Production Committees*

The United Steelworkers of America, formerly the Steel Workers Organizing Committee, was a pioneer in the field of union-management co-operation through production conferences and committees. The history of early efforts in this field is described with some detail in the book by Clinton S. Golden and Harold J. Ruttenberg, "The Dynamics of Industrial Democracy" published in 1942 by Harper's.

During the war, labour-management committees in various forms and under various names were officially encouraged in the United States, Canada and other countries, with varying degrees of success.

There was much loose talk and loose thinking on the subject arising from a failure to understand the proper organizational approach to co-operation.

Too many employers undertook to initiate ill-considered schemes for co-operation by direct appeals to their employees, ignoring or excluding the union from participation. Such clumsy approaches naturally aroused suspicion among union-conscious workers, and discouraged co-operation.

Moreover, the worker is not impressed by appeals from an employer who gives lip-service to the ideal of co-operation and at the same time refuses to grant the union a measure of union security.

It is clear that union security must precede the successful establishment of genuine labour-management co-operation.

The first step is for the employer to grant union security, thus signifying his confidence in the agency chosen by the workers to represent them.

The second step is for the union representatives to reciprocate by assuring and convincing the workers that they can have confidence in the good faith of their employer, and that they should act accordingly.

The third step is to establish joint union-management production committees, department by department, and to cultivate on both sides a facility for practical organizational co-operation in the day-to-day problems of production and efficiency.

From that point on, much depends on the good sense and good faith of people on both sides. If both are willing to learn, remarkable improvements in safety, efficiency and productivity can be achieved.

Union-management production committees are not offered as a cure-all. They are advanced as a practical constructive and democratic method of raising our industrial techniques to the highest possible level by bringing together the best judgment and experience of union men and management men at the very point where mutual advantages can be discovered.

Union-management production committees provide at the departmental level the same type of co-operation which is required nationally through a council for the industry.

IV.—Wages

The wage program of the Union calls for a uniform basic rate of 84 cents per hour throughout the industry.

This involves an hourly increase of $19\frac{1}{2}$ cents for the employees of Algoma and Stelco, and of $24\frac{1}{2}$ cents for the employees of Dosco. The weekly gross minimum on this basis would be \$33.60. The annual gross minimum pay would be \$1,750.

There are precedents already established that support the Union's program. In the logging industry in British Columbia, a major industry employing approximately 37,000 workers, the settlement reached was 15 cents per hour across the board, plus overtime provisions. The overtime provisions were time and one-half after 44 hours for six months of the year and overtime after 40 hours for the other six months of the year.

It should be noted that this was the settlement which the Minister of Labour declared was fair and reasonable. Referring to the report of Mr. Justice Sloan, the Minister of Labour stated in the House of Commons, June 4, 1946: "I believe it is sensible, it is fair, and it is reasonable".

On June 18, 1946, the Minister again, referring to Justice Sloan's report, stated: "Chief Justice Sloan . . . has made a recommendation of fifteen cents an hour . . . In my judgment [this is] fair and reasonable . . ."

However, it should also be noted that the Minister contradicted himself in the House of Commons on July 10. In a telegram sent by him to Mr. Conroy, Secretary-Treasurer of the Canadian Congress of Labour, he had the following to say: "Those in the best position to judge state most emphatically that wage increases beyond an amount considered just and reasonable cannot be made effective if price control is to be retained. Again it is the considered opinion of those best able impartially to assess the present economic situation in Canada that increases in wages beyond ten cents per hour and in some instances less will force a break in the price ceiling."

The Minister did not give any information as to whom the experts were, nor on what grounds they based their estimates. Without that knowledge the statements are meaningless. However, the contradiction between the statements of the Minister of June 4 and June 18 and that of July 10 is obvious.

In any event, the settlement in the lumber industry in British Columbia does establish a precedent for the Steelworkers' wage program. There cannot be one wage law for British Columbia and another for the rest of Canada.

No guesswork was a part of the calculations when the Union's objectives were established. The annual minimum of \$1,750 was the result of investigations into the available statistics on the cost of living in Canada. It was adopted as the objective of the Union at its last National Policy Conference, held in Quebec City, October, 1944.

The data studied pointed to the conclusion that the minimum amount of money necessary for a health and decency standard of living for the average Canadian family in 1944 was \$1,750 annually.

The Dominion Bureau of Statistics' cost-of-living index was of small value in this respect. It was set up as an indicator of retail price changes and it is not very helpful in determining what the actual cost of living is at any given time. The index is unbalanced and inconclusive. It gives a sort of rough estimation of trends in cost of living. Changes in the cost-of-living index are shown in Appendix (G).

For what it is worth, the index has shown a wartime increase of 22·8 per cent, having risen from 100·8 in 1939 to 123·6 in June, 1946. It has risen from 119·2 in May of 1944 when the Union was formulating its policy. That is an increase of 4·4 per cent in the past two years.

The greatest rise shown is in food prices. Here the increase has been 42 per cent from 1939 and 11 per cent from 1944. On the basis of research by the Toronto Welfare Council and now being carried on by the Ontario Federation of Labour, it is apparent that the Dominion Bureau of Statistics, in establishing its index, did not allow a sufficient weight for food. The other sources mentioned find that the amount spent on food by families in the lower income brackets reaches, and frequently exceeds, 40 per cent of income. Hence the very great increase in food costs has depressed still further the standards of living of the great bulk of Canada's citizens, her workers.

The net estimates of the Toronto Welfare Council of present requirements are considerably higher than its 1944 figures. In 1944 the Council found that \$35.85 per week was the minimum required for a health and decency standard of living for the average family in Toronto.

The average family in Toronto is much the same as the average family elsewhere in Canada. The cost of living does not vary greatly as between Canadian cities. As a matter of fact, Sydney has a somewhat higher cost of living than Sault Ste. Marie, Hamilton, Montreal or Toronto.

The estimate of the Toronto Welfare Council of present requirements according to the Toronto Welfare Council. Assuming it now to be \$38 we may say that what cost \$35.85 in 1944 and \$28.35 in 1939, now requires \$38 to purchase. The weekly increase since 1939 on this basis has been approximately \$9.65, or 34 per cent, as compared with a rise of 23·6 per cent in the index published by the Dominion Bureau of Statistics. No agency, governmental or otherwise, has been able to dispute the findings of the Toronto Welfare Council.

Price controls have been, and are to continue to be, relaxed. The price of building materials and furniture will increase still further. Clothing has risen sharply in price in the past two months. The cost of living is now rising much more rapidly than it did in the war years. The Dominion Bureau of Statistics' index, after remaining almost stationary for nine months, jumped almost two points from March to May this year. A further rise of two points was reported for June, and it is obviously going higher.

In this connection, it should be remembered that the Minister of Labour, in announcing revision of the Wartime Wages Control Order, December 9, 1943, stated in part:—

"If any appreciable and continued change in living costs should occur there will be a general review of stabilization policy and the measures employed under it." (*Labour Gazette*, December, 1943, page 1602.)

It should be noted that the cost-of-living index stood at 118.4 on December 1, 1943. The rise, since that time, to June 1, 1946, has been 5.2 points, and the rise is continuing. Therefore, an "appreciable and continued change in living costs" has occurred and "a general review of stabilization policy and the measures employed under it" is clearly indicated. It is, in fact, overdue.

For many months now workers have been receiving considerably less than they would have if the cost-of-living bonuses had not been incorporated into wages as of February 15, 1944. Any wage adjustment at this time must take into consideration this factor as well as other important factors.

At the same time that the Minister of Labour made the above statement, the Prime Minister referred to the new Wages Order in part as follows:—

"If the cost of living rises more than 3 per cent, and remains at that level for two consecutive months, the Government will review the whole program of price control and wage control, and take appropriate action" (*Labour Gazette*, December, 1943, page 1601).

From February 1, 1946, the cost-of-living index has advanced almost five points, the sharpest rise yet recorded, and nothing has been done to review or modify the situation.

In view of these figures, the \$1,750 annual minimum objective of the Union is far from exorbitant. On the contrary, it has fallen considerably behind actual needs. On the basis of the Toronto Welfare Council estimates, it is now approximately \$225 per year short of providing a health and decency standard of living.

There can be no doubt as to the needs of the Steeworkers. The question then arising is: Can the companies pay?

Only passing reference to the financial position of the three companies will be made at this point. The Appendices contain pertinent financial data.

Stelco's wartime profits after taxes averaged well over \$4 million annually. Surplus account increased from \$18.6 million in 1939 to \$32.1 million in 1945, according to the company's reports. Actually, this account has been understated by about \$4.5 millions as will be seen in the Appendices. Total reserves and surplus in 1945 of \$86.1 million (company figures) compared with \$49.5 million in 1939. Total assets of \$113 million in 1945 compared with total assets of \$78.9 million in 1939. Apart from Governmental assistance, Stelco recently built a \$10 million addition to its plant without raising additional capital.

Algoma fared very well during the war years. It was able to extend its operations by an amount of approximately \$21,000,000, by special arrangement with the Dominion Government. Its net working capital increased from approximately \$5 million in 1939 to \$9 million in 1945. Total assets now stand at \$33½ million as compared with \$23½ million in 1939. Depreciation reserve is now \$10¼ million, compared with \$2 million in 1939. Operating profit was \$960,671 in 1939 and \$3,482,797 in 1945. The high point for the latter item was \$4,198,339 in 1944. Earned surplus now stands at \$6 million as against \$1.5 million in 1939.

Dosco has always pleaded poverty. It has had something over \$21 million of public assistance since the war began. This does not include the subsidy on coal.

In spite of this plea of poverty the combined operations of the company show a profit of \$3.5 million in 1945, \$4 million in 1944, \$4 $\frac{3}{4}$ million in 1943 and \$4.8 million in 1942. Working capital is now in excess of \$20 million. Depreciation reserve exceeds \$23 million and is 50 per cent of total fixed assets. Total assets are over \$60 million.

These companies can pay the wages sought. In the case of Dosco, it is the responsibility of the company to prove otherwise. In any event, the employees of Dosco cannot be expected to subsidize the undertaking. If the company requires assistance to enable it to pay a decent standard of wages, then it is the obligation of the Government of Canada to meet that requirement.

As mentioned above, the increase requested from Dosco is 5 cents more than that requested from Algoma and Stelco. The Union will not be content to allow the present differential, or any other differential, to be maintained. The principle of uniformity was embodied in the Memorandum of understanding that led to the settlement of the steel strike in 1943. It is vital that the 5 cent differential between the rates for production workers at Sydney and those at Hamilton and Sault Ste. Marie, which was permitted to exist by the National War Labour Board, should now be removed.

A substantial price increase has been granted to the primary steel industry, effective April 1, 1946. Without having all the data required for a thorough statement of what this increase means, we can make some estimates of its effects on the three companies party to this dispute.

The Appendices contain more information on this matter. However, with production figures available and calculating the effect of Wartime Prices and Trade Board Order No. 617, it appears that the additional income accruing to the three companies will be in the neighbourhood of \$13 million. Algoma is likely to benefit to the extent of \$3,600,000, Dosco, \$3,500,000, and Stelco, \$6,000,000.

In conjunction with the price increase there must be considered the reduction in corporation taxes to 30 per cent, effective January 1, 1947. This will mean still more income for these companies.

The new equipment that has been installed and is being installed will mean greater productivity per man hour and greater income to the companies per wage dollar spent.

That this is true in at least one instance is shown in the following table giving payroll and production figures since 1939 at Algoma.

ALGOMA STEEL CORPORATION LTD.
PAYROLLS, CALENDAR YEARS AND PRODUCTION

1939—\$3,704,186	.....	202,904	tons
1940— 6,056,583	.....	348,382	"
1941— 7,006,368	.....	470,437	"
1942— 8,513,702	.....	552,965	"
1943— 8,934,305	.....	614,133	"
1944— 9,305,296	.....	633,663	"
1945— 8,838,557	.....	665,889	"

1. With estimated working force of 3,000 in 1939, per man production was 67 tons annually.
2. With actual working force of 3,638 in 1945, per man production was 183 tons annually.
3. Payroll (annual) increased by 133 per cent from 1939 to 1945.
4. Production (annual) increased by 221 per cent from 1939 to 1945.
5. Labour cost of production per ton ingot steel in 1939 was \$18.00 (approximately).
6. Labour cost of production per ton ingot steel in 1945 was \$13.00 (approximately).

The Labour cost per ton ingot steel shown above seems out of line; the Union therefore can only assume that labour costs in supplementary undertakings in Sault Ste. Marie, such as bus service and domestic gas production, are charged against manufacture of steel.

All of these facts point to the conclusion that these companies will be able to pay their employees the wages requested.

There are other developments supporting the claim of the Union for a weekly minimum wage of \$33.60.

The Dominion Bureau of Statistics, in its report, "Man Hours and Hourly Earnings", shows the drop in the number of hours worked in the past few months, together with the decrease in weekly earnings.

For the whole of the steel industry, the reduction in the number of hours worked weekly was 3.2 between December, 1944, and March, 1946. For crude rolled and forged products the weekly decrease in the same period was 2.4 hours.

This has resulted in weekly losses of earnings ranging from \$2.34 to \$3.70 for the whole of the industry and of from 18 cents to \$1.27 in the crude rolled and forged products section.

Thus, while prices have been advancing rapidly, workers' earnings have not only failed to keep pace with the rising cost of living but have been falling further behind.

Manufacturers often claim that raising wages will increase costs to such an extent that they will not be able to compete in the export market with producers in other countries. That this is not so is shown by the experience of the United States.

That country has the highest wage system in the world, yet United States producers can undersell competitors in almost any line of goods. The reason is that man hour productivity is greater in the United States than in any other country, because manufacturing equipment is modern and efficient.

If Canadian steel producers are unable to meet competition from other countries, they must modernize their plants to the point where man hour productivity at least equals that of any other country. The apparent wish of some steel producers to work long hours and pay low rates will never help to put Canada in a favourable position in the markets of the world. There must be some vision and some realism if we are to attain that place.

A pertinent factor in our export trade is Canada's ability to import. A country cannot long sell if it does not buy. If it is to buy it must have purchasing power. It can only have purchasing power when its people are working and receiving wages that will enable them to satisfy the demands for commodities in addition to those necessary to keep them alive. World trade benefits everybody. Canada should take steps necessary to maintain her proportion of such trade.

The Union has heard the statement that primary steel producers cannot obtain the help they need to meet production goals. It is true that much of the work performed in steel mills is distasteful to potential employees. It is usually heavy and arduous, hours of work are too long, working conditions generally are not good and, above all, wages are too low. If wages were increased to a level more in keeping with present-day needs, no doubt many of the objections would disappear. No one can blame people for reluctance to sell their labour under the adverse conditions generally prevailing in the steel mills.

It has been pointed out in the Report of the Royal Commission on Provincial Development and Rehabilitation (Nova Scotia, 1944) that the wage demands of Canadian steelworkers have never been exorbitant nor out of line with other rates. Reference is made to the large differentials between steel wage rates paid in the United States and in Canada.

Since 1944 there has been a general wage increase of $18\frac{1}{2}$ cents per hour in the steel industry in the United States, further widening these differentials. The base rate in the United States is now 97 cents, $33\frac{1}{2}$ cents above the rate in two of Canada's primary mills, $38\frac{1}{2}$ cents above the rate in Nova Scotia. There can be no justification for such discrimination against Canadian steelworkers.

There is even less justification for this state of affairs than there was previously. The basic price increase of \$5 per ton ingot was the same in both countries. In the United States this figure was set after taking into consideration the wage increase of $18\frac{1}{2}$ cents. In Canada the price increase was sufficient to include wage increases. Yet managements refuse to grant their employees the increase which government officials declared was intended to follow the price rise. They have not treated their workers in a fair or reasonable manner.

The Union must emphasize the fact that steelworkers will not be content with their present small share of the income resulting from their toil. Their standards of living must be raised.

Purchasing power must be spread in a way that will make effective the present potential demand. Thus the nation will achieve a more balanced economy and the dangers of depression be lessened.

V—Hours of Work

The factors involved in the Union's request for the forty-hour work week includes: workers' fatigue, efficiency of production, increased leisure time, full employment.

Fatigue is a pressing problem in a heavy industry such as the primary steel industry. Productive efficiency is likely to increase when hours of work are reduced.

The United States Bureau of Labor Statistics published a study of the effects of long hours of work in the June, 1944, issue of the *Monthly Labor Review*. The most noticeable results were: "Absenteeism increases, injuries occur more frequently, and hourly efficiency declines until the total output from long hours of work may be actually less than could be obtained under a shorter working schedule."

"In general, and over an extended period of time, workers produced less per hour of work when the schedule was raised above 40 hours per week. Hourly efficiency dropped when the schedule was extended from 40 to 50 hours, from 50 to 58 hours, from $47\frac{1}{2}$ to $55\frac{1}{2}$ and from 52 to 58 hours (in all cases reported.)"

It was found, as might be expected, that the severity of work performed and the physical and nervous energy expended affected productivity. Lengthening the work week also cut down hourly productive efficiency by eliminating the usual midweek production peak.

Other investigations into the effects of long hours have reached almost identical conclusions. In Great Britain a study was made under the auspices of the Industrial Health Advisory Committee. The findings were much the same as those of the United States survey: health was adversely affected, with tuberculosis increasing, labour turnover and absenteeism rose rapidly and production was seriously hit wherever attempts were made to increase hours of work.

An example of the value of the reduction of the work week to an optimum of 40 hours can be found here at home. One large Toronto industry, Lever Brothers Limited, reduced the work week, without reducing earnings, from 48 to 40 hours and reported that production per wage dollar spent increased as a result.

A reasonable amount of leisure time to allow for social, cultural and recreational activities is the right of the worker as a person and a citizen. A work week of six full days out of seven is too long and too tiring. The national interest demands the raising of health and welfare standards; the wartime record of rejections of young men as unfit for military service has proven this. But a national health and fitness program is a joke if large numbers of people, because of long working hours, cannot take advantage of it. Canada must begin offering recreational and cultural opportunities to all; it is only common sense to do so. Profit-making must be subordinated to national needs. Leisure time must not continue to be the prerogative of the more favoured economic groups.

Reduction of working hours is bound up with the problem of full employment. Increasing productivity per man hour, brought about largely through more efficient methods of production, makes shorter hours and the spreading of employment a prerequisite to prosperity. An economy in which some work long hours while others are unemployed is bound to collapse sooner or later. A redistribution of the national income so that the great mass of the people receive a larger share is one means of stabilizing our economic life.

The forty hour week will spread employment and therefore income. Employment in Canada has fallen off since the end of the war. There is now a surplus of manpower in our industrial towns and cities. That this situation will not be relieved by attempts to have people return to the farm has been pointed out by the Department of Labour in a supplement to the *Labour Gazette* of December, 1945 entitled "Changes in Population and in the Labour Force".

Canada is now an industrial nation. Her industrial productive potential has risen by approximately 50 per cent since 1939. We cannot return to dependency on agriculture. We must make a determined and successful effort to compete in the world markets with manufactured goods of many kinds.

Domestic purchasing power must be increased and spread throughout the nation as well. One way of doing this is to reduce hours and give more people work. Wage rates must be increased at the same time to maintain and extend effective purchasing power. Greater purchasing power will create greater demand for goods; full production and therefore full employment will be approached.

The large number of those now unemployed is a menace to our prosperity. Reduction of hours would mean the absorption in industry of displaced war workers and thousands of war veterans now jobless.

The steel industry alone could probably employ an additional 15,000 or 18,000 workers. In the steel centres of Hamilton and Sydney several thousand potential steel workers are walking the streets. Such a situation, while there is a great demand for steel, is indefensible.

Some steel employers have argued that they cannot reduce the work week to 40 hours because they haven't a sufficient number of skilled workers. But men will not enter such hard, exhausting and, in many departments, disagreeable employment unless working conditions are improved until they are roughly uniform with conditions in other heavy industry, such as rubber, automobiles, packinghouse. Only by the acceptance of the standards for which the Union is here arguing can the industry expect to attract its fair proportion of the kind of men who will become experienced and skilled steelworkers.

The Consolidated Mining and Smelting Corporation in British Columbia has recently returned to the 40 hour week. The logging industry in B.C. recently agreed to a 44 hour week for part of its operations and 6 months at 40, six months at 48 for another part. The automotive industry operates on a work week of from 40 to 44 hours, varying with locality. The packinghouse industry has a standard work week of 45 hours, a guaranteed work week of 37½ hours; the

average number of hours worked is 42. In the major rubber plants, overtime usually begins after 44 hours.

For all these reasons and in the interest of the national welfare, the Union is requesting the 40 hour week throughout the steel industry.

VI—*Vacations with Pay*

Many Canadians who do not consider themselves to be workers have an erroneous conception of the purpose of vacations. They seem to believe that vacations are the prerogative of favoured groups rather than the means by which workers may rest and refresh themselves. Unfortunately, but understandably in a society where special privileges are the rule rather than the exception, this misconception has been permitted to grow and is apparent even in certain governmental agencies, appointed to protect the rights of all citizens.

Workers who have toiled long hours for six years and more to provide the materials of war are entitled to more consideration than they have been receiving. There has never been any justification for the denial of vacations; indeed, they have always been in the best interests of the nation. The partial recognition recently given the workers' rights through legislation in no way invalidates their claim to equality of treatment with other groups, more fortunate but certainly no more deserving.

Absenteeism could be reduced considerably by the establishment of adequate vacation plans. Workers who, after labouring long hours for many months, are denied a rest period sufficient to rebuild their wasted energies become worn out and indifferent. Their morale falls to a low ebb and production schedules suffer.

All workers in heavy, arduous, health-impairing jobs are entitled to at least two weeks' annual vacation with pay. We would go farther and claim that in the smelters, steel mills, foundries and mines, two weeks' vacation every six months is the minimum required to enable a worker to give efficient production day in and day out.

Health records and insurance statistics in regard to these industries give proof of our claim. Rare indeed is the man who can perform a normal day's work when he reaches pensionable age. Usually he is either out of work altogether or working at some poorly-paid job awaiting his retirement. Such a situation is not in keeping with present day trends toward more equitable treatment of all groups in society.

But there is another side to the question.

Magazines and newspapers are carrying a variety of advertisements extolling Canada as a vacation paradise. Much of this advertising is aimed at the foreign trade; the rest of it concerns only those whose bankbooks and leisure time permit them to visit holiday resorts for several weeks.

Few, if any, steelworkers have either the time or the money to enjoy such vacations. They will remain at home in the steel towns while others more privileged enjoy the pleasures Canada offers to vacationists.

Canada's steelworkers want a real annual vacation, too. They want to enjoy the country they have helped to build, to ride in the automobiles made of the steel they have produced, to travel along the railway tracks forged in their smokey shops.

At present Algoma gives its employees one week's vacation for one full year of employment and two week's vacation after fifteen years' employment. Stelco gives two weeks' vacation after twenty-five years' service, in addition to one week after one year. Dosco allows one week after one year's employment.

Many Canadians make their living out of the tourist trade. Authorities inform us that a number of veterans are hoping to earn their livelihood at this business. It is an enterprise that has opened up thousands of square miles of Canadian territory which would otherwise still be uninhabited.

Canadian steelworkers should have the opportunity of turning over part of their earnings to these other Canadians. For in the process they would not only be enjoying their own country in the company of their families, but they would be assisting their fellow countrymen to gain a livelihood.

For these reasons Canadian steelworkers believe it is time for the introduction in the Canadian steel industry of two weeks' annual vacation with pay after five years' service and three weeks' annual vacation with pay after twenty-five years' service.

VII. *Union Security*

The union shop is the most logical form of union security in the iron and steel industry, and it is the form sought by the United Steelworkers of America in contracts to be made with Algoma, Stelco and Dosco.

In the union shop it is a condition of employment that every worker in the bargaining unit must become and remain a member in good standing of the bargaining agency during the life of the contract. As a convenience for all parties, the union shop usually carries with it provision for the check-off of dues by the employer who remits them to the local union.

The union shop is sometimes confused with the closed shop, which represents a different type of union security. A worker must belong to the appropriate union before becoming eligible for employment in a closed shop. On the other hand, an applicant for employment in a union shop need not be a union member to qualify; he is required, as a condition of employment, to become a member within a specified period, usually 30 days, after being hired. Thus, in the union shop, the employer retains the exclusive and unfettered prerogative of hiring anybody; once hired, however, the worker must accept the responsibilities of union membership as well as the benefits gained for him by the union.

What has become widely known as "the Rand formula" is a third form of union security. The leading principle of the Rand formula is that all workers in the bargaining unit are required, by compulsory dues check-off, to support their bargaining agency, but membership in the union continues to be voluntary. It is an attempt to assume that all who benefit will share in the cost of obtaining such benefits, at the same time preserving their freedom of choice as to membership.

It is not necessary to discuss lesser or incidental forms of union security such as the "maintenance-of-membership clause," or revocable and irrevocable check-off. The history and continuing development of labour relations in Canada provide ample justification for the establishment in a basic industry of the union shop together with the irrevocable check-off.

The rapid growth of industrial organization since 1939 has been followed by widespread, if not total, acceptance of the principle of collective bargaining, with statutory sanctions.

More recently the principle of union security has won endorsement by many leading industrialists and members of the judiciary as well as by organized labour.

There is nothing new in the principle of union security.

In Great Britain, after the repeal in 1824 of the anti-combination laws of 1799 and 1800, trade unions began to enforce their own form of security with increasing effectiveness. In many cases union men refused, and still refuse, to work with non-unionists. It was common practice by the middle of the 19th century. One employer could not even employ his own relatives unless they became members of the appropriate union.

A modern writer on the history of union security, Dr. Jerome Toner, states: "In a trade under the influence of a union in the second half of the 19th century, an employer had to choose between unionists and non-unionists. If he admitted

any of the latter, the former left him in a body. That method was legally upheld in *Allen v. Flood* in 1898."

Numerous writers on the subject have emphasized that union security is a logical development of collective bargaining. However, quite apart from theoretical considerations, the feeling of organized workers almost invariably supports the thesis.

Workers are quick to realize that when management will not grant some form of union security, it has not fully or unreservedly accepted the union but is still considering the possibility of getting rid of the union.

Obstructionism on the part of management, or the attitude that the union must be "kept at arm's length," builds up resentment on the part of the workers. The local union members become convinced that obtaining security is the only way to protect the union and any gains which may have been won. This is particularly true if a group of workers remain outside the union and management gives any indication of favouritism or encouragement to the minority.

The establishment of union security makes possible a correct relationship between rights and duties. All employees accept the rights and privileges and take advantage of the benefits gained for them by the union. All who thus benefit should likewise accept the obligations of union membership. • Anything less is unfair to those who have a sense of responsibility.

No worker can remain aloof from the working conditions in the plant where he is employed. He is in fact a part of the whole economic organization. He owes a duty to his fellow-workers to do his part in furthering the common good.

Unfortunately, it must be recognized that there are some individuals, always a minority, who lack any sense of responsibility. Such people are only too willing to let others shoulder the burdens even when they share the gains. In union language they are known as "hitch-hikers."

This point has wider application. When a person moves into a town, he becomes a resident of that community. He assumes the rights and duties of a resident citizen and is accorded a certain security including protection of his life and property. He makes use of public facilities and in return he pays taxes, directly or indirectly. He cannot refuse to pay such taxes, because the majority deem it is in the public interest that certain services and protection be afforded to all. In a word, the citizen has a measure of community security. For a relatively small payment he enjoys many privileges and conveniences which it would be impractical or financially impossible for him to obtain as an individual.

There can be no hitch-hikers in the organization of the community. So it should be in the organization of the industrial community to be found within a plant or industry. The benefits derived from union organization are shared by all alike. It is unreasonable and inequitable that those whose sense of responsibility is greatest should carry the burden for all. Those who stand to gain from the activities of the union should share equally in the costs of maintaining its services.

Union shop conditions have been found to result in smoother labour relations, greater responsibility on the part of the union and more efficient production. Once the union has become well established, without fear or suspicion of the employer's intentions, it functions as a means of expression for the workers and as their machinery for the day-to-day application of agreed conditions. This is of the greatest importance in our modern system of complex industrial organization, where the worker seldom, if ever, has any personal contact with his employer.

The divorcing of the worker from his product in mass production industry leaves him with a sense of frustration which must be overcome by developing the social side of his life. The economic ends of labour organization may well become, in time, secondary to the social and psychological ends.

The deadening effects of monotonous machine-tending must be offset by opportunities for self-expression, or there will be little chance for that important aspect of personality known as "morale".

Many of the most powerful arguments for union security are to be found in the well-known decision of Mr. Justice Rand, acting as arbitrator in the Ford dispute, a copy of which is annexed as Appendix H to this brief.

The Rand formula, with variations, has recently received further recognition. It has been accepted by the International Nickel Company and the International Union of Mine, Mill and Smelter Workers for operations of that company at Sudbury and Port Colborne, after a Board of Conciliation headed by Mr. Justice Roach. It also appears in three agreements lately concluded between the United Steelworkers of America and the Ontario Malleable Iron Co., Oshawa, Fittings Limited, also of Oshawa, and the Grinnell Company of Canada, Toronto.

In these four instances the principle of the Rand formula was adopted without penalty clauses. No doubt such clauses were considered unnecessary because of the proven responsibility of the Unions concerned.

Since the Ford settlement, a number of other companies in the Windsor area have signed agreements with the United Automobile Workers of America embodying the Rand formula.

The deduction of union dues by the employer does not, of itself, constitute union security; in conjunction with other provisions, it is one aspect of union security. It is a significant gesture of good-will by a company towards the union. It is also a convenience for the union in that it relieves union stewards of their time-consuming task of collecting dues from individuals.

Where the check-off does not exist, it is not always possible to prevent the collection of union dues on the job; stewards will tend to approach those who have not paid when they are most accessible. Time spent in this way may decrease the productivity of both the steward and the member concerned.

Any trifling inconvenience to a company, which must in any case make other deductions from employees' wages, is more than compensated for by the co-operation of the union officers and stewards. Moreover, the stewards are likely to be the most capable men in the plant and it is to the advantage of the company as well as the union that they should devote their energies to the speedy settlement of grievances and the improvement of safety and efficiency rather than the collection of dues.

The check-off is not peculiar to industrial plants. In one form or another it has been given statutory recognition by provincial governments of all political stripes, e.g., in Nova Scotia, Ontario and Saskatchewan. In Ontario, for example, all teachers must now be members of the Teachers' Federation and dues are checked off by trustees. The Whole Milk Producers' Association receives fees on a compulsory basis from farmers. The Tomato Marketing Board gets 20 cents from the growers for each ton of tomatoes sold. Recently the Hog Producers' Association arranged for collection of one cent per hundredweight sold. These groups have in effect union shop organization. Actually they had the Rand formula in operation before the Ford dispute.

In the United States it is estimated that three-quarters of approximately 14,000,000 organized workers are working under closed shop, union shop or maintenance of membership conditions.

The United Steelworkers has in Canada some 86 agreements which include union security provisions. Practically all renewals now include such clauses.

Algoma granted the voluntary check-off to the local union by unwritten understanding from 1938 to 1946. It is provided for in the current agreement.

Dosco has checked off dues as requested under the provisions of the Nova Scotia Trade Union Act since 1937.

Stelco to this date has refused to concede any form of union security whatsoever. In the case of the Canada Works at Hamilton its refusal was contrary to the unanimous finding of a Board of Conciliation in 1945.

It is only fair to state that the labour relations policy of Algoma at Sault Ste. Marie, and Dosco at Sydney in recent years has been such that union security is not a major issue in their basic plants.

The reverse is true in all Stelco plants. Union security is a major issue between the United Steelworkers and Stelco.

In every plant Stelco has refused to recognize or deal with the United Steelworkers until compelled to do so by process of law, that is to say by certification in the Ontario Labour Court or before a Labour Relations Board.

Stelco's policy of refusing to bargain collectively unless and until it is compelled to do so has produced highly unsatisfactory labour-management relations, a condition not in the interests of either the company or its employees and certainly not in the public interest.

The record is such there is every reason for concluding that hitherto recognition by Stelco has been recognition in form only, not in substance. By way of confirmation, it appears that Stelco's present policy is to yield what it is forced to yield, and no more. On that basis, the relationship becomes an almost continuous trial of strength and is not in reality collective bargaining.

The Union desires to establish union-management relations in the Stelco plants on a constructive basis. This turn for the better can be made possible only by a complete change of policy on the part of the company. If Stelco were to adopt the union shop, without reservation or qualification, it would go far towards convincing union members that a new era of co-operation and progress is about to begin. In view of past and present experience, the very least the Union could accept in Stelco plants is the Rand formula.

Dosco's policy at its Canadian Tube subsidiary in Montreal also indicates the necessity for a settlement of the union security issue. In that case the company has rejected the finding of a Board of Arbitration in favour of limited union security. Another Dosco subsidiary was involved in a serious strike at Montreal some years ago when the company refused to recognize the union.

It has already been said that union security is not a major issue in the basic steel plants of Algoma and Dosco. At Sault Ste. Marie and Sydney the overwhelming majority of workers already pay dues by way of voluntary check-off. The establishment of the union shop or the Rand formula at these plants would affect only an insignificant minority. It is desirable, however, that the same form of union security should prevail in all plants operated by the three companies, with all of whom the Union desires to establish and maintain good relations.

APPENDICES

1. Subsidiaries of Dominion Steel & Coal Corporation, Limited, organized by United Steelworkers of America:—

Trenton Steel Works, Ltd., Trenton, N.S.

Trenton Industries Ltd., Trenton, N.S.

The Eastern Car Co., Ltd., Trenton, N.S.

James Pender & Co., Ltd., Saint John, N.B.

Canadian Tube & Steel Products, Ltd., Montreal, Que.

Canadian Bridge Co., Ltd., Windsor, Ont.

2. Plants of The Steel Company of Canada, Limited, organized by United Steelworkers of America:—

Gananoque, Ont.

Brantford, Ont.

Hamilton, Ont. (3 plants)

Toronto, Swansea Works.¹

Montreal, Que.

Montreal, Notre Dame Works.²

¹ A Petition for Certification in the Toronto Swansea Works is before the Ontario Labour Relations Board.

² Organization is proceeding in the Notre Dame Works, Montreal.

OUTLINE OF WAR LABOUR BOARDS DECISIONS FOLLOWING SETTLEMENT OF 1943 STEEL STRIKES

(As set out in Union's Brief to the National War Labour Board in an appeal heard April 11, 1946.)

The Regional Board deemed it necessary to apply the test of "gross inequality or gross injustice" under P.C. 9384. Assuming that it was correct to apply the test, the Union's case is that the term "gross inequality or gross injustice" has been given both in this case and in a previous application, an unduly narrow interpretation. Gross injustice or gross inequality may arise in many different ways and from many different circumstances and kinds of circumstances, and there is nothing whatever in the Order to suggest that such circumstances are necessarily confined within one plant or a department thereof.

In summary form, it may be stated that the gross injustice suffered by the affected members of Local 1064 consists in the lengthy and devious process by which the understanding, accord and agreement reached between their Union and the Government of Canada in January, 1943, has been in part fulfilled and in part frustrated, honoured with respect to certain members of the Union, and not honoured with respect to others.

That this should be the result of an agreement which was reached only upon the strength of the most positive representations and commitments made on behalf of the Government of Canada by those authorized so to do, including the Prime Minister, the Minister of Justice and Minister of Labour, is not only an unfortunate result: it constitutes an injustice which is all the more gross because the honour of the Government itself is involved and must be upheld. It is no answer to say that in the meantime orders in council amending previous orders in council have been passed; such amendments (designed to legislate for wage control generally) themselves form some of the circumstances giving rise to gross injustice so far as certain members of Local 1064 are concerned.

To understand the circumstances, it is necessary to review the chain of events leading up to the application initiated by Local 1064 on August 28, 1945. If the Board were to ignore or even neglect such events, it would be failing to consider the very circumstances upon which the claim of gross injustice is founded.

Commencing in September, 1941, before the effective date of the first wage-control order, the United Steelworkers, including their local Unions at Sault Ste. Marie, Ontario, and Sydney, Nova Scotia, sought a 55-cent base rate, exclusive of cost-of-living bonus. Their applications to the newly-created Regional War Labour Boards of Nova Scotia and Ontario were rejected in

the summer of 1942, and the Government of Canada appointed a Royal Commission, known as the Barlow Commission reported in January, 1943, recommending no increase in the base rate but certain other increases and adjustments, notably increases to the maintenance men. It is of interest to note here that this last recommendation, with respect to the maintenance men, was not implemented at the Sydney plant of the Dominion Steel and Coal Corporation until exactly three years later, January, 1946.

Following the publication of the Barlow Report, a strike spontaneously and simultaneously closed the plants of the Algoma Steel Corporation at Sault Ste. Marie and the Dominion Steel and Coal Corporation at Sydney. The strike lasted over two weeks and was ended only after the leaders of the Union and of both Local Unions had urged their members to return to work on the strength of assurances given them by or on behalf of the Government of Canada.

Without such assurance, it is certain that the strike would have lasted much longer, and the assurances would not have been accepted if the Government spokesmen had not been emphatic in insisting that the undertakings of the government be relied upon, an emphasis which Union leaders in their turn communicated to Local Unions.

During the discussions which preceded the settlement of the strike, the first proposal made by the Prime Minister, made in the presence of representatives of the Union and of both Companies, was that the basic steel industry be designated as national employer. This had been one of the major objectives of the Union since 1941, linked to the objective of a common base rate of 55 cents per hour. Subsequently the Prime Minister also proposed a base rate of 55 cents per hour at both plants, inclusive of cost-of-living bonus, a proposal which was rejected. In later discussions the Government, represented by the Deputy Minister of Labour, proposed a common minimum earnings rate of 55 cents per hour, to be established by order in council. It was represented that since these proposals established minimum earnings at the same levels in both plants and since the industry was to be designated a national employer, the Union and its members would no longer be obliged to contend with varying differentials between Ontario and Nova Scotia and various inconsistent decisions by Regional Boards. It was further represented to the Union that the new 55-cent rate was a minimum and that by having recourse to a re-constituted National Board, the Union's wage objectives would be achieved. It was on the basis of representations such as these that the strike was settled.

At that time, namely, in January, 1943, neither the base rate nor the cost-of-living bonus was the same at the two plants—there were entirely illogical differences which constituted one of the principal reasons for the strike.

At Algoma the base rate was 45½ cents per hour and the bonus 5 cents per hour, totalling 50½ cents.

At Sydney the base rate was 43½ cents per hour and the bonus 9 cents per hour, totalling 52½ cents.

For a number of years, both before and during the war, the total labour rate paid at Sydney had generally been higher than that paid at Algoma.

Order in Council P.C. 689, passed for the purpose of giving effect to the settlement of the steel strike, referred certain terms to the Minister of Labour and others to the re-constituted National War Labour Board for implementation. The Board, by its decision of March 31, 1943, saw fit to repudiate the Government's promise that steel would be designated a national employer. The Board recognized that common rates were implicit in the settlement, recognized that the 55-cent rate was only a minimum, and directed that the new base rate should be the same at both plants, 50 cents, and that the new bonus should be the same at both plants, 9 cents, making a total, at both plants, of 59 cents. However, by referring most other matters back to the Regional Boards, contrary

to the intent and meaning of the whole settlement, the door was opened to the piecemeal destruction of the principles upon which agreement had been reached.

The Union was successful in preventing another strike as a result of the decision of March 31, 1943, but never accepted it as a valid interpretation of what had been agreed upon. The second branch of the Union's application was filed at the Board's request, but never actually presented, and it was decided by the Board on September 9, 1943, without hearing argument. By that decision, the Board—

- (a) Awarded $6\frac{1}{2}$ cent increases to Sydney workers whose rates (prior to March 31, 1943) were in excess of $43\frac{1}{2}$ cents per hour.
 - (b) Awarded $4\frac{1}{2}$ cent increases to Algoma workers whose rates (prior to March 31, 1943) were in excess of $45\frac{1}{2}$ cents per hour.
- retroactive to March 23, 1943.

This decision restored the previous differentials within each plant and preserved the principle of parity as between the two plants.

In the meantime, however, the Steel Company of Canada had applied to the Ontario Regional Board for authority to increase its base rate to a total of $64\frac{1}{2}$ cents per hour. The Board, which one year earlier had refused any increase to the Algoma workers above a total of $50\frac{1}{2}$ cents, now saw fit to permit an increase to $64\frac{1}{2}$ cents for labour at the Steel Company of Canada Works. This was in July, 1943, at a time when the United Steelworkers of America were not yet the recognized bargaining agency for the employees of the Steel Company of Canada, as they were for those of Algoma and the Dominion Steel and Coal Company. Thus the Steel Company of Canada, without notice to the Union which was at that very time, by due process of law, seeking recognition in its plants, requested and obtained within a few days the objective which the Union in other plants had been striving for two years to reach. The increases at Hamilton were made known a few days before the Ontario general election of 1943 and while an application for certification by Local 1005 of the United Steelworkers was pending in the Ontario Labour Court. In the face of experiences such as these, it would have been difficult indeed to convince the steelworkers at Algoma or Sydney that the Regional Board was inspired only by single-minded devotion to the maintenance of wage and price controls.

In conformity with its policy of exploring all peaceable avenues of settlement, the Union made application to the Regional Board, shortly after the Hamilton decision, on behalf of Local 2251, the Algoma Local, for precisely the same wage increase as had been granted to the Hamilton workers. By its decisions of March 30 and April 15, 1944, the Board directed Algoma to increase the base rate to $64\frac{1}{2}$ cents, inclusive of the cost of living bonus, but declined to give increases to other workers, as it had done in the case of the Steel Company of Canada. It is not necessary to comment on the logic of this decision, because the National Board, on appeal, by its decision of March 9, 1945, ordered certain increases on a sliding scale, for workers at higher levels than the base rate.

Application was also made on behalf of Local 1064 to the Nova Scotia Regional Board for precisely the same increases as those which had been awarded to the Hamilton Workers. This application was, on November 17, 1944, wholly rejected by the Nova Scotia Board. An appeal was argued before the National Board in January, 1945. The decision dismissing that appeal was not issued until June 14, 1945.

The eventual effect of these decisions was to fix the base rate of the Steel Company of Canada and the Algoma Steel Corporation, at $64\frac{1}{2}$ cents, and the base rate of the Dominion Steel and Coal Corporation at $59\frac{1}{2}$ cents, or 5 cents less. Thus the Sydney workers who for many years received a higher base

rate than Algoma's now find themselves with a rate 5 cents lower than other steelworkers and considerably lower than the minimum rate for coal miners in the same district.

Between January, 1945, and June, 1945, there were several important developments, which materially affected the case for the labour and production workers at Sydney, and serve to emphasize the gross injustice which has been done to them.

The first was the differentials decision of the National Board on March 9, already mentioned. This decision partially restored the differentials within the plant at Algoma disturbed by the Ontario Board's decision of March and April, 1944. It meant that in addition to the 64½ cent rate for Algoma labour, all other production workers up to the 90-cent level received increases. Thus practically all Algoma production workers were placed at higher levels than people doing the same work at Sydney. Unlike workers on the base rate, production workers in the higher brackets at Algoma in former years generally enjoyed better rates than workers doing the same or comparable work at Sydney, as was revealed in evidence adduced before the Barlow Commission in October and November, 1942. The 1945 decisions further increased the disparity between this group of workers at Algoma and the corresponding group at Sydney—the production groups, that is to say, in occupational classifications above the level of the base rate.

A second development affecting large groups at both plants also occurred in 1945, and served to aggravate the disparities from which the production workers suffer. Arising out of P.C. 689 and surveys authorized by the National Board, both Algoma and the Dominion Steel and Coal Corporation, by decisions dated May 3rd, 1945, were directed to implement the recommendations of the Ley Reports with respect to maintenance men.

Maintenance men constituted 20 per cent or more of the working force in both plants. Their occupations, as recommended by the Barlow Report, were classified and evaluated with a view to establishing the appropriate tradesmen's rates consistent with prevailing tradesmen's rates in other industries. In the result most maintenance men have received substantial and long overdue increases. The fact that their wages have now been established at appropriate levels in both plants on a basis of parity provides a sharp contrast to the position of the production workers. At Sydney it has created a new body of anomalies as between maintenance men and production men: the former enjoy parity with their fellow-workers at Algoma; the latter do not. It is difficult to understand what defence there can be for such inequitable discrimination or how it can be described as anything other than gross injustice. This is no reflection on the maintenance men, who have only received, after three years, their just deserts as recommended by the Barlow Commission, but to do justice to one group need not entail injustice to another.

The third development which occurred between January and June, 1945, was the publication of the Dawson Report. References to that document in the union's application, already quoted, illustrate the far-reaching consequences of any measures of discrimination which impose lower standards upon Nova Scotians than those in other parts of Canada. The company, in argument before the Regional Board, denied the relevance of the Dawson Report or the facts and circumstances dealt with therein. If, however, genuine consideration is to be given to the question of gross injustice or inequality, it will be necessary to examine just such authoritative evidence as the Dawson Report and the facts and circumstances therein discussed with respect to the Nova Scotia population, of which the Sydney Steelworkers are a part.

The report makes it clear that Nova Scotia as a whole, and its steel industry in particular, is suffering from that double standard whereby a disproportionately

large share of the nation's capital and income expenditures are made in the central provinces.

There is nothing in P.C. 9384 to suggest that it is to be used to maintain the double standard. There was nothing in P.C. 689 to justify it; on the contrary, by drawing no distinctions between Ontario and Nova Scotia, and by providing for the recognition of the steel industry as a national employer, P.C. 689 moved toward the establishment of a single standard. It is submitted that the legislative sanction given to the single standard by order-in-council deserves more weight than the departures from the single standard which have been made from time to time by various boards.

A fourth and important development occurred after the decision of the National Board was issued on June 14th, 1945. The National Board, by a supplementary Finding and Direction dated October 12th, 1945, directed that certain increases and other benefits be granted to employees of Dominion Coal Company Limited (Cape Breton and Springhill Mines), Acadia Coal Company Limited and Old Sydney Collieries Limited. It is calculated that in the result the said employees received a data rate of \$5.67 or 70.9 cents per hour for an eight-hour day.

Upon the hearing of the present application before the Regional Board, it was argued on behalf of the Dominion Steel and Coal Corporation Limited that there were no new circumstances to justify a departure from the previous decisions of the Regional Board on November 18th, 1944, and the National Board on June 14th, 1945. It can be seen, however, that, as has been recited, there were at least four important developments after January, 1945, regarding which the appellant had no opportunity to make representations to either the Regional Board or the National Board in connection with the previous application. All such developments supplement and complete the pattern by which production workers at Sydney are made the victims of discrimination in the matter of wage rates:—

- (a) As between themselves and other production workers at Sault Ste. Marie and Hamilton;
- (b) As between themselves and maintenance workers in their own plant at Sydney;
- (c) As between themselves and coal miners in the same district who are employed, directly or indirectly, by the same company.

The company has repeatedly pleaded inability to pay in justification for a wage differential between Nova Scotia and Central Canada. At the 1944 hearing before the Regional Board, the Company produced a financial statement purporting to show that the operations at the Sydney Steel Plant in 1943 were carried on at such a heavy loss that it became necessary for the Dominion Government to subsidize the Company to the extent of more than \$10,000,000. If such enormous losses represented a complete and faithful picture of the Company's position, any Board would naturally conclude that the Company's post-war prospects were not encouraging. Members of the Regional Board at the time indicated that they attached great importance to such evidence.

In November, 1945, however, the Secretary of State made a Return to an Order of the House of Commons showing the Order in Council and agreements under which assistance has been granted to the company. From that return, which speaks for itself, it is clear that a large part of the enormous losses were not losses in the operation of the steel plant itself, but losses in transporting Wabana ore by sea, losses from the abnormally high costs due solely to wartime conditions and enemy action at sea. It was obviously necessary that such losses should be borne by the Dominion, and it is equally obvious that such losses from enemy action and other wartime conditions at sea do not and will not occur in

peace-time. Indeed, it is a fair assumption that when the company's lost ore carriers are replaced by modern and more economical carriers, its transportation costs will be less than in pre-war days.

It should be added that other losses suffered by the Company in 1943 and 1944 are attributable to wartime conditions and can be overcome in peace-time. Wartime demand, for example, necessitated the operation of both the old and the new open hearth furnaces. The former are not regarded as economical for peace-time operation.

It is not disputed that the company has to contend with metallurgical and other problems of a serious character, but there is no steel-making operation anywhere in the world free from such disabilities, and an exaggerated account of the company's problems provides no sound basis for the theory that the company's employees should be paid less than the employees of the company's competitors. The company could not expect to obtain a lower rate of bank interest than its competitors by pleading special difficulties; it is no more rational for the company to pay lower wages upon the same plea.

Notwithstanding the firm conviction that the understanding and accord reached with the Dominion Government in January, 1943, was not fully implemented under P.C. 689 as interpreted by certain subsequent decisions, the United Steelworkers of America and the Local Unions concerned have faithfully sought to proceed by regular channels towards the substantial realization of what was agreed upon, even though it be long delayed. It is submitted that the present appeal offers an opportunity, and perhaps the last opportunity, to rectify the gross injustice and gross inequality under which the production workers at Sydney have laboured.

February 22, 1946

CHRONOLOGY OF EVENTS

The national program of the Union on wages, hours of work, vacations with pay and union security was established by the policy conference held in Quebec City, October, 1944.

The Union first submitted the program in its entirety to The Steel Company of Canada in Hamilton early in January, 1946.

The campaign was really launched at a meeting in Hamilton when the National Advisory Committee was constituted on February 2, 1946. Shortly thereafter the Union joined the National Wage Coordinating Committee of the Canadian Congress of Labour.

Negotiations with The Steel Company of Canada in Hamilton failed and the Union applied under P.C. 1003 for intervention to conclude an agreement. In due course a Board of Conciliation was established under authority of the Minister of Labour. This Board began its hearings in Hamilton on April 8. It adjourned on April 10 to meet again on April 24. It then adjourned to allow time for the parties to negotiate on wages and hours of work.

The Union and The Steel Company of Canada met several times for this purpose, but no progress could be made. This was reported to the Board of Conciliation on May 7. The Board thereupon decided to cease further direct activity and stand by, making itself available if required at some future date. An interim report was subsequently made by the Board, leaving aside the major issues in dispute.

On May 8, 1946, the Union met representatives of the Algoma Steel Corporation in Toronto to discuss wages and hours of work. The Company made no effort and nothing was accomplished.

The Union then went to Sydney on May 21st to discuss the issues with Dominion Steel and Coal Corporation. As in the case of Algoma Steel Corporation, the Company made no offers and negotiations were fruitless.

The National Advisory Committee of the Union met in Toronto on June 9 to decide on a future program to be followed and postpone strike action. All other efforts having failed, the Minister of Labour appointed a Commissioner under P.C. 4020 on June 11 to report within thirty days. The commissioner met Union representatives several times privately but no meeting of the parties was held until June 28, some seventeen days after the appointment of the commissioner.

On June 29, the National Advisory Committee of the Union met in Toronto. The Committee issued a statement to the effect that it would again meet in Hamilton on July 11 and that if satisfactory progress towards a settlement was not made by noon of July 12, the National Director would be authorized to give appropriate notice at that time to the three companies that strike action would be taken shortly thereafter.

The Commissioner met the National Negotiating Committee of the Union and the Algoma Steel Corporation in Sault Ste. Marie, July 4, 5, and 6.

On July 8 and 9, the commissioner met The Steel Company of Canada and the Union in Hamilton.

On July 11 and 12, the commissioner met the Dominion Steel and Coal Corporation and the Union in Montreal.

July 10, the Federal Government appointed a Controller and three deputy controllers for three of the plants of the companies involved.

July 11 and 12, The National Advisory Committee of the Union met in Hamilton. The hour of noon July 12 having passed, the Union dispatched identical telegrams to the three companies advising work would cease by 7.00 a.m. Monday, July 15 in the three basic plants at Hamilton, Ontario; Sydney, Nova Scotia; and Sault Ste. Marie, Ontario. The Union offered to co-operate with the companies in maintaining plant and equipment.

During the period outlined above, for some time previously, the Union had been conducting negotiations with Canadian Tube and Steel Company, a subsidiary of Dominion Steel Company of Canada, namely, Canada Works in Hamilton, and St. Henri Works, Montreal, and Lachine Works, Lachine. Little if any progress towards a settlement has been accomplished in these instances.

ALGOMA STEEL CORPORATION, LTD.

FINANCIAL POSITION

Beginning with the outbreak of war in 1939, a vast expansionary program was undertaken at Algoma. This was in co-operation with the Government of the Dominion of Canada. Most of the funds for this undertaking were supplied by that Government. The total amount of money allocated by the Government was in the neighbourhood of \$21,000,000.

The funds were spent on building a new battery of coke ovens, a blast furnace, a 44-inch blooming mill, a 25-inch billet mill and the installation of additional crane facilities. The company operates certain of this new equipment under lease from the Dominion Government.

Algoma Steel Corporation, Limited, was incorporated under the laws of the Province of Ontario on December 12, 1934, to acquire all the assets and undertakings of a company of the same name which conducted a business established in 1901. The company's properties comprise a completely integrated plant for the manufacture of iron and steel. This has been maintained in a condition to meet all prospective demands on a competitive basis.

The property includes 2,300 acres of land at Sault Ste. Marie with four miles of waterfront. The plant includes four blast furnaces owned and one leased, twelve open hearth furnaces, bessemer converter facilities, blooming mills, billet mills, a rail and structural shape mill, merchant mills, a grinding ball

mill, seven tin plate and sheet mills, 158 coke ovens owned and 86 leased, a by-product plant, a power plant, iron and steel foundries, docks, unloading bridges and four fuel oil storage tanks.

Algoma has a number of wholly-owned subsidiaries. They are: (1) Algoma Ore Properties, Ltd., an Ontario corporation mining iron ore in Northern Ontario, roughly 120 miles from Sault Ste. Marie; (2) Cannelton Coal and Coke Company and (3) Lake Superior Coal Company, both West Virginia corporations mining coal in West Virginia, United States of America; (4) Fiborn Limestone Company, a Michigan corporation owning limestone and dolomite quarries in the State of Michigan, United States of America; (5) Algoma Steel Products Company Limited, a Manitoba corporation; (6) Algoma Tramways Limited, an Ontario corporation. The company also controls The Southern Algoma Railway Company, an Ontario company.

Algoma carries on the business of coke, pig-iron and steel making. Its chief steel products consist of rails, structurals, including sheet piling, merchant mill steels and special alloy steels. Its coke capacity is 1,250,000 net tons annually. Associated with the Company's coke business is a modern by-product and chemical plant, producing benzol, toluol, xylol, solvent R, naphthalene, ammonium sulphate, virgin tar and coke-oven gas. Much of the latter is sold for domestic purposes in Sault Ste. Marie.

Algoma's pig-iron capacity is 1,000,000 net tons annually and its steel capacity 800,000 net tons of ingots annually. Its rolling mills consist of a 44-inch blooming mill, a 25-inch continuous billet mill, a 35-inch blooming mill, a 30-inch rail mill which also rolls various structural shapes, and 18-inch and 12-inch merchant mills.

Algoma Ore Properties Limited has mined and treated 700,000 gross tons of ore yearly in recent years. Ore reserves at the Helen Mine are now estimated at over 100,000,000 tons.

CAPITALIZATION

	Authorized	Outstanding
First Mortgage Bonds.....	\$6,000,000	
5% convertible bonds due Nov. 1, 1948.....		(1)\$1,523,400
5% preferred stocks, par value \$100.....	27,000	(2) 17,152 shs.
Common stock, no par value.....	1,000,000 shs.	(3) 412,700 shs.

(1) Excluding sinking fund payment of \$190,500 due Nov. 1, 1945.

(2) After deducting 7,078 shares purchased and redeemed and 2,160 shares converted into common stock.

(3) Carried on books at \$10,274,500 or approximately \$25.00 per share.

LONG TERM RECORD

Years Ended April 30	Total Income	Net Income	Earned Per Share	
			Pref.	Common
	\$	\$	\$ cts.	\$ cts.
1945.....	3,501,617	1,112,132	68 84	2 48
1944.....	4,198,399	1,057,796	59 40	2 32
1943.....	3,856,422	846,803	40 72	1 80
1942.....	2,626,788	414,444	19 78	0 75
1941.....	2,561,307	911,816	43 51	1 96
1940.....	1,900,425	780,240	35 44	1 62
1939.....	983,000	227,432	10 33	0 29
1938.....	1,417,670	641,255	29 13	1 30
1937.....	813,781	189,923	8 63	0 20
1936.....	1,264,142	541,814	22 41	1 06

(x) Based on shares outstanding at year-end.

COMPARATIVE PROFIT AND LOSS ACCOUNT

1939-1945

	1939	1945
Total Income.....	\$ 983,000	\$ 3,501,977
Depreciation.....	566,828	1,055,617
Bond and Loan Interest.....	131,771	162,087
Income Taxes.....	56,969	1,172,141
Net Income.....	227,432	1,112,132
Preferred Dividends.....		87,385
Surplus for Year.....	227,432	1,024,747
Previous Surplus.....	1,372,992	5,193,624
Profit and Loss Balance.....	\$ 1,600,424	(x) \$6,118,371
(x) After appropriating \$100,000 reserve for contingencies.		

COMPARATIVE BALANCE SHEET AS AT APRIL 30

1939 AND 1945

ASSETS—	1939	1945
Total Current Assets.....	\$ 6,312,795	\$ 14,873,591
Advances to subsidiaries.....	607,100	313,647
Investments in Subsidiaries, etc.....	1,069,525	1,093,428
Prepayments and Deferred Charges.....	126,637	231,544
Property Accounts..... (a)	15,423,216	(b) 17,102,700
Total Assets.....	\$ 23,539,273	\$ 33,614,910
(a) After depreciation reserve of \$2,118,694.		
(b) After depreciation reserve of \$10,670,638.		
LIABILITIES		
Total Current Liabilities.....	\$ 1,283,728	\$ 5,782,458
WORKING CAPITAL POSITION		
	1939	1945
Current Assets.....	\$ 6,312,795	\$ 14,873,591
Current Liabilities.....	1,283,728	5,782,458
Net Working Capital.....	\$5,029,067	\$ 9,091,133
Current Ratio.....	4.9 to 1	2.6 to 1

The foregoing table shows the effect of the wartime expansionary program on Algoma's earning power. No data is available to show how much the company pays the Dominion Government for rental and usage of that part of the new equipment still theoretically retained by the Government. But there is enough to show the extent to which Algoma profits therefrom.

It is known that sales were approximately \$10 million in 1939, and were in the neighbourhood of \$30 million in 1945. Algoma reported sales in 1945 were substantially in excess of 1944 and were the largest in the company's history. It was also reported that special depreciation on plant purchased for war purposes was completed. In that event, the greatly increased earnings now will be available for dividends and other expenses as they arise.

In 1945 depreciation taken was \$1,055,617 as compared with \$2,267,296 in 1944. From 1939 to 1945 depreciation reserve rose from \$2,118,694 to \$10,670,738, an increase of over 400 per cent. In the same period, property account, before depreciation reserve, rose from \$17,541,910 to \$27,863,438. This is an increase of \$10,321,528, or 59 per cent. Total net assets increased by \$10 million in the same period.

A surplus of \$1,372,992 at the end of business in 1938 had become \$6,118,371 at the end of 1945. Working capital rose from \$5 million in 1939 to \$8 million in 1945.

Algoma's estimated production for sale in 1946 is approximately 600,000 tons of steel ingots. Most of this production will be used by the company to manufacture the variety of products listed above.

If the average price increase was \$6 a ton, the additional income to Algoma would be roughly \$3,650,000. The requests of the company's employees for wages to provide a health and decency standard of living would amount to no more than one-half of this additional income. The financial position of the company would in no way be adversely affected.

THE STEEL COMPANY OF CANADA, LTD.

COMPANY PROPERTIES AND SUBSIDIARIES

The Company was incorporated with Dominion charter on June 9, 1910, to acquire, as from July 1 of that year, the business and outstanding capital stocks and bonds of the Hamilton Steel & Iron Co., Ltd.; the Montreal Rolling Mills Co.; Canada Screw Co., Ltd.; Dominion Wire Mfg. Co., Ltd.; Canada Belt & Nut Co., Ltd.; Western Wire & Nail Co., Ltd. The enterprise now has ten plants, three in Hamilton, three in Montreal (including one at Lachine) and one each at Gananoque, London, Brantford and Toronto.

In 1918 the company acquired 1,617 acres of coal lands in the United States at a cost of slightly over \$1,000,000. Those holdings were subsequently consolidated with those of two of the largest American concerns. The result was that Stelco obtained a one-third interest in 4,438 acres of coal lands in one block.

During 1926 the company acquired an interest in a new iron ore property, the Volunteer Mines. At December, 1938, coal and ore properties in which the company owned an interest were: Mather Collieries, Pennsylvania; Plymouth Mining Company, Michigan; Heyt Mining Company, Michigan.* These properties furnish over half of the company's ore requirements and are paid for on a royalty basis. In recent years the company's plants have been constantly extended and modernized. This has included the construction of a new ore dock at Hamilton, where supplies of ore have been received direct by water since the opening of the new Welland Canal in 1931.

In 1942 Stelco acquired a one-third interest in the Balkan Mining Company, owning the Danube-Orwell Mine, Mesabi Range, on advantageous terms, payable over an extended period. This was to supplement ore reserves, then being more rapidly reduced due to the higher rate of ore consumption resulting from increased blast furnace capacity.

In 1942, a wholly-owned subsidiary, Ontario Forgings, Limited, was organized to design, equip and operate an entirely new plant on behalf of the Department of Munitions and Supply. The plant produced shell forgings. The entire cost of the construction of this plant was assumed by the Dominion Government, which owns the plant. This was a profitable bargain for Stelco and its shareholders. The Dominion assumed the total cost of construction of the plant, and the company assumed all the profit of its operation.

In 1941 plant additions made by the company included an 875-ton daily capacity blast furnace, with supplementary blowing and boiler capacity and a 150-ton open hearth furnace with crane and added soaking pits. These additions were financed with the aid of a \$4,150,000 advance, again by the Dominion Government.

In this connection Mr. Ross McMaster, company President, stated in his report to the shareholders in 1942: "Your directors anticipate that it will be covered by charges for special depreciation over a period of three years." Of course Mr. McMaster was merely being cautious; probably no one ever doubted that Stelco would get the plant additions free. And so it was; the \$4,150,000 was written off out of profits in three years. The added capacity remains for profit-making in future years.

The company considering all of its plants, is engaged in all branches of steel production. The principal products manufactured include basic, malleable and foundry pig iron, blooms, billets, wire rods, bars, angles, plough beams, agricultural shapes, and concrete reinforcing bars of rolled steel; blue annealed, black, galvanized, copper bearing and copper bearing galvanized sheets; track fastenings consisting of angle bars, tie plates, track bolts, spikes, tie rods and

* James Mining Company, Michigan; and Palmer Mining Company, Michigan.

"S" tie steel; drop forgings, consisting of carriage hardware, automobile and special light forgings; bolts and nuts, washers; spikes and rivets; pole line hardware; iron and steel pipe, wire products; nails; staples and tacks; screws; lead products and horseshoes, toe and heel calks; traffic markers; fencing and accessories; steel plate; tin plate, specialized products.

The company also produces furnace, foundry and domestic coke, and by-products including coal tar, sulphate of ammonia, benzol, toluol and solvent naphtha.

According to company reports, the second stage of its program of expansion is under way. Hot and cold strip mills are being installed to increase production and add to the variety of types of sheets manufactured, as well as to furnish black plate for tinning in the plant, which has been operating on purchased material. In addition to this, a six-stand 56" hot strip finishing mill is being added to the plate mill erected in 1941. The strip mill will have an annual capacity of three to four hundred thousand tons of rolled strip and sheets.

The addition of cold reducing mills will complete the expansionary program. Completion of the plans will help to utilize the increased steel-making capacity installed during the war. It was also said to be a means of providing postwar employment. Besides the hot strip mill expenditure at Hamilton Works, hot tinning capacity was also increased. At Canada and Notre Dame Works additions have been made to nail and bolt producing machinery.

STELCO'S WARTIME GROWTH

From the survey of the company's physical resources let us now turn to an examination of its financial position. For that purpose we have taken the last three years before the war, including 1939, and compared them with three full war years, 1942 to 1944 inclusive. Increases, absolute and per centum, at the end of business, 1944, over the end of business, 1939, will also be shown.

Profits, dividends, depreciation, surplus, working capital and other outstanding features will all be found in the appendices attached to this survey. These figures show conclusively the tremendous growth in the financial strength of the company. They also show, as we suggested at the beginning, that Stelco can meet the requests of the steelworkers without the slightest inconvenience.

The meaning of some of the increases to the company, the shareholders and the employees we will attempt to explain, at least in part, in the following paragraphs.

DEPRECIATION

Depreciation should be set up for all purposes on a basis of cost to the purchaser. It is the allowance for wear and tear or diminution in value through the use of plant and equipment by the owner while producing income. The allowance, therefore, must be based on the cost of such plant and equipment. The purpose is to allow the owner to deduct each year an adequate portion of the capital which he has invested in this equipment so that, at the end of its useful life, he will have a fund equal to the amount he originally invested. That this is so has been decided by the Privy Council in London, England, 1938, in the case of the Pioneer Laundry and Dry Cleaners, Limited vs. the Minister of National Revenue.

The Steel Company of Canada has, in our opinion, set up what represents in part a duplication of reserves for depreciation, one section being under the heading, Furnace Relining and Rebuilding Reserves, known as Operating Reserves, and the other a General Reserve for Depreciation.

For this purpose the assets of the company must be divided into two classifications—first, assets depreciated through Rebuilding Reserves and, second, net assets subject to General Depreciation.

The Operating or Rebuilding Reserves are charged as part of the cost of products sold by being included in the cost of production, and the General Reserve is deducted from Total Income. Hence it will be seen that repairs to, and the relining and rebuilding of, furnaces and other equipment which are actually depreciated by increased production are charged against these Rebuilding Reserves.

It will also be seen that the portion of the company's equipment which will be worn out or used up at a rate greater than the normal rate of depreciation is that portion which is classified as Assets depreciated through Rebuilding Reserves. It is on these assets that the company is justified in taking a rate of depreciation greater than the rate taken in previous years when production was lower. The company has taken this increased rate of depreciation and has charged against the accumulated reserves for this purpose all its relining and rebuilding, etc. But, at December 31, 1944, there was still an unused surplus in this reserve of \$3,238,167.00.

It cannot be claimed by the company that the assets subject to General Depreciation are affected by increased production nearly as much as are the assets depreciated through Rebuilding Reserves. Twice the tonnage could be put through the plants and the increase in tonnage would affect the latter assets materially but would have almost no effect insofar as deterioration on general buildings, structures, etc., is concerned. These come under the assets subject to General Depreciation.

General Depreciation taken by the company in 1939 was \$1,585,399.00 on total assets of \$49,746,646.00, or 3.19 per cent. In 1940 general depreciation taken by the company was \$1,969,872.00 on total assets of \$54,079,528.00, or 3.64 per cent. In 1944, Stelco's total fixed assets were \$68,639,272.00. From this deduct the special plant sum of \$4,150,000.00 to which reference has already been made, while pointing out that special depreciation was allowed for this account. This leaves fixed assets of \$64,489,272.00. Depreciation on this at the company's established rate of 3.64 per cent would be \$2,347,409.00. But the company actually took \$3,602,134.00, or an excess of \$1,254,725.00. By this latter amount, therefore, the company has understated its 1944 profit.

Some question may arise as to what constitutes a standard rate of depreciation for the iron and steel industry. The answer is to be found in a statement made some years ago by an official of the Algoma Steel Corporation. The statement is contained in an affidavit made by W. G. Franz, then Vice-President and Director of the Algoma Company, and reads as follows: "I am a member of the British Iron and Steel Institute and of the American Iron and Steel Institute . . . that in arriving at the sum of \$16,500,000.00 (the assets of the company) referred to in the preceding paragraph, I have taken the average rate of depreciation at 2.615 per cent per annum, although the standard average rate applied to steel plants and equipment of a similar nature is 3.5 per cent per annum."

This means that Stelco not only had special depreciation for its wartime additions and took depreciation for Rebuilding and Relining, but also took over-all depreciation at a rate in excess of what has been stated to be a standard average for the industry.

Further, as may be seen from the tables attached, depreciation taken by the company in 1944 was over \$2 million in excess of 1939, an increase of 127 per cent in five years. The total depreciation reserve at the end of 1944 was nearly \$18 million greater than at the end of 1939, an increase of 69 per cent. The total amount in this reserve stood at \$43,743,232.00 against fixed assets of \$68,639,272.00.

SURPLUS ACCOUNT

In addition to the two types of depreciation taken annually by the company, as explained above, Stelco has built up three other types of reserve. These reserve accounts have remained stationary for at least ten years and were brought about by charges against operating profits in former years. That these charges were not justified is borne out by the fact that the reserve accounts have not been used or have not changed since 1935. These accounts are as follows:

Reserve for betterments and replacements	\$1,829,674 00
Reserve for fire insurance	200,000 00
Reserve for contingencies	558,999 00
	<hr/>
	\$2,588,673 00

In addition to these unjustified and unused reserves, the unused balance in the Reserve for Rebuilding and Relining Furnaces amounts to \$3,238,166.00 at December 31, 1944. Of this amount, the sum of \$1,991,162.00 has been carried forward unused since December 31, 1935. In our opinion, at least this amount represents excessive depreciation taken on this account in prior years, and this amount, together with the other unused reserve accounts of \$2,588,673.00 shown above, would add \$4,579,835.00 to the Surplus Account of \$29,933,244.00 as shown by the company at December 31, 1944, making the Surplus Account actually \$34,513,079.00. This, of course, is without taking into consideration the millions of dollars in the hidden reserve created by the over-depreciation of fixed assets we have noted previously.

Even excluding the hidden reserves which should be declared as surplus the increase in surplus shown by the company has been substantial. In 1939 the figure of this account was shown as \$18,651,040.00. At the close of business 1944, this sum had risen to \$29,933,244.00, an increase of \$11,282,204.00, or 60 per cent in five years.

Total reserves and surplus, again excluding the hidden sums we have indicated, stood at \$80,390,014.00 at December 31, 1944, an increase of \$30,845,-254.00, or 62 per cent, over 1939.

EARNINGS PER SHARE, BOOK VALUE AND DIVIDEND RECORD

The outstanding common stock of the company was 460,000 shares at December 31, 1944. It is listed on the company's books as having a value of \$11,500,000.00 or \$25.00 for each share of common stock. Earnings per share on this common stock from 1937 to 1944 were as follows:

	Per cent		Per cent
1937	32.40	1941	34.64
1938	22.60	1942	37.84
1939	36.80	1943	32.36
1940	33.12	1944	36.56

The percentages are based on figures in the company's books. But if in 1944 we add earnings of \$1,254,725, understated by the company, to the stated earnings on the common stock, it will add earnings of \$2.72 to each share of common stock. That is, the percentage of profit in 1944 was actually 48.44 per cent on each share of common stock.

Earnings per share, taken after taxes as usual, did not vary greatly during the war years, but do show a considerable average increase (16 per cent) for the period 1942 to 1944 over the average of 1937 to 1939.

EARNINGS PER SHARE

1937	\$8 10	1942	\$9 46
1938	5 65	1943	8 09
1939	9 20	1944	9 14
	<hr/>		<hr/>
Total	\$22 95	Total	\$26 69
Average	7 65	Average	8 90

The increase in book value of each share of stock offers a good illustration of how the value of the company has increased over the years. To establish equities underlying each share of common stock, the difference between market value and book value of investments is added to the value of total assets. From this is subtracted the total of current liabilities, reserves and preference stock. The remainder is divided by the number of shares outstanding. The result is the book value of each share of stock.

In calculating this figure, Reserves for Betterments and Replacements, Fire Insurance and Contingencies are, as already indicated, deemed to be earned surpluses and hence do not enter into this particular picture.

It might be well to point out that market value of the company's investments has consistently exceeded book value, at least since 1937:—

1937	\$411,692 00	1942	140,482 00
1938	328,628 00	1943	178,716 00
1939	227,545 00	1944	190,097 00

A reference to the appendices will show that in 1944, book value of each share of the preferred stock outstanding had risen from \$151.87 in 1939 to \$198.56, an increase of 31 per cent. Book value of each share of common stock outstanding had increased by \$26.37 in the same period, rising from \$71.67 to \$98.04. This represents an increase of 37 per cent.

All of this means that the shareholders have benefited greatly from the growth of the company, especially during the war years. During that time, normal growth was rapidly surpassed, as witness the per centum increase in total assets between 1939 and 1944, some \$29 million or 37 per cent.

Furthermore, all this was done with no risk to shareholders involved. Much, if not all, of it, was in fact, as we have already seen, accomplished with no risk to the company either. Thus the old cry of returns on capital being justified as compensation for the risk to the investor does not hold true here. Plant and equipment increased and profits followed, but the investor in this case was in fact the public, to whom no dividends were held necessary.

The dividend rate also increased rapidly during the war. The rate in 1939 on preferred stock was \$1.75 per share, and by 1942 it had been increased to \$3.00 per share per year. Common stock, too, nominally carried a rate of \$1.75, but as a result of a court order \$2.00 extra was paid on the common stock in the late 1930's in order to bring about equalization of dividend payments with the preferred stock. The rate for both issues of stock is now \$3.00 per share yearly. The total amount of dividends paid out yearly now stands at \$2,159,556.00.

WORKING CAPITAL

An outstanding feature of the company's greatly increased financial strength is shown in the account Working Capital. Working capital is probably the best measure of any company's financial strength. It represents the difference between current assets and current liabilities. In the last year before the war, Stelco had on hand working capital of approximately \$15.5 million. During the war this figure increased by over \$11.5 million to \$27,136,463.00, an increase of 74 per cent.

This figure of something more than \$27 million for working capital means in fact that at the close of business in 1944 the company's current assets were more than four times as high as its current liabilities. Few, if any, companies of this size have ever had such a favourable balance of trade.

As may be seen in the tables appended, growth in working capital has been steady since 1937, but the yearly additions to the account became much more pronounced after 1939. The ratio between current assets and current liabilities kept pace with the actual growth of working capital. The following figures show increases in both since 1939:

Year	Working Capital	Current Ratio
1940	\$15,165,808	2.95 to 1
1941	17,771,471	2.98 to 1
1942	21,179,594	2.91 to 1
1943	25,799,625	3.63 to 1
1944	27,136,463	4.15 to 1

CONCLUSION

There can be no question but that the Steel Company of Canada can more than afford to pay the entirely reasonable requests of its employees. It could meet them out of the hidden surpluses and the profits buried in excessive depreciation reserves. It could have paid them and still have shown net profits as great as those it divulged to the public during the war years.

A reasonable rate of depreciation would permit an increase in the company's payroll. Increasing the payroll would put purchasing power into the hands of those whose living standards must be raised.

By paying the wages it should have paid, Stelco's taxes would have been reduced. On the other hand, the employees would pay more taxes. Not paying reasonable wages means that employees are paying the company's taxes. Apart from that, the Excess Profits Tax has been reduced to 60 per cent in 1946, with the likelihood of further drastic reductions in the next budget.

Expansion of plant and equipment at no cost, out of which future profits will be made, tax rebates and tax concessions, profits guaranteed, excess reserves permitted—in a word, the profit motive satisfied at no risk to industry: this is the story of Stelco's contribution to the national effort; this is the pattern it would like to continue.

All these things for industry, but nothing but niggardly treatment for those who put our nation in the forefront, both on the firing line and on the production line. Workers must accept less take-home pay while their dollar value shrinks. Veterans must return to living standards little if any better than 1939—and some to unemployment.

We have been told that Canada's industrial productivity increased by 50 per cent during the war. Of what value is this increased capacity if left unused? It will not turn out goods unless the consumer, who is also the worker, has the wherewithal to translate his potential demand into actuality. Stelco can only produce to capacity if the demand for its products is increased. Approach to full employment is balked while wages are sub-standard.

Increased prices elsewhere will mean a further fall in Canada's national living standards unless the incomes of Canadian consumers are increased. Failure to increase these incomes prolongs deflation and unemployment. All industry must increase its wages. Stelco must co-operate with the union in this advance to prosperity.

THE STEEL COMPANY OF CANADA, LIMITED, 1937-1939

	1937	1938	1939	
Profits before Taxes.....	\$ 5,186,276	3,685,294	6,586,249	
Profits after Taxes.....	4,180,097	3,053,726	4,686,680	
Dividends Paid com. stock.....	1,725,000	1,725,000	1,725,000	
*Dividend Rate com. stock.....				3.75
Dividends Paid pfd. stock.....	454,741	454,741	454,741	
Dividend Rate pfd. stock.....				1.75
Total Dividends Paid.....	2,179,741	2,179,741	2,179,741	
Depreciation.....	1,583,574	1,524,005	1,585,399	
Fixed Assets.....	46,766,104	49,040,931	49,746,645	
Total Assets.....	71,248,904	72,839,399	78,942,782	
Surplus.....	15,161,543	15,835,528	18,651,040	
Working Capital.....	14,720,023	14,464,541	15,602,097	
Total Reserves and Surplus.....	43,126,846	45,327,037	49,544,760	
Depreciation Reserve.....	23,211,350	24,570,147	25,839,934	
Book Value pfd. stock.....	139.14	141.42	151.87	
Book Value com. stock.....	64.49	65.77	71.67	

* Rate on common stock was formerly \$1.75 yearly, but as a result of a court order, \$2.00 extra was paid on common stock in late 1930's in order to bring about equality of payment on both common and preferred issues. Rate is now same, \$3.00 yearly.

THE STEEL COMPANY OF CANADA, LIMITED, 1942-1944

	1942	1943	1944
Profits before Taxes.....	\$ 13,168,842	9,366,781	8,560,789
Profits after Taxes.....	4,805,938	4,176,925	4,658,655
Dividends Paid com. stock.....	1,380,000	1,380,000	1,380,000
Dividend Rate com. stock.....	3-00	3-00	3-00
Dividends Paid pfd. stock.....	779,556	779,556	779,556
Dividend Rate pfd. stock.....	3-00	3-00	3-00
Total Dividends Paid.....	2,159,556	2,159,556	2,159,556
Depreciation.....	4,597,243	4,317,532	3,602,134
Fixed Assets.....	63,100,501	63,983,679	68,639,272
Total Assets.....	98,990,637	103,247,735	107,857,320
Surplus.....	25,200,816	27,434,145	29,933,244
Working Capital.....	21,179,594	25,799,625	27,136,463
Total Reserves and Surplus.....	67,788,291	74,580,563	80,390,014
Depreciation Reserve.....	36,466,352	40,395,264	43,743,232
Book Value pfd. stock.....	179.00	188.89	198.56
Book Value com. stock.....	86.99	92.58	98.04

NOTE.—Average profits after taxes in period 1937-1939 inclusive were \$3,973,501 as against \$4,547,173 for 1942-1944—an average yearly increase of \$573,672.

RESULTS OF 1945 OPERATIONS

In 1945 Stelco's net profit was reported to be \$4,159,260 and earnings per share on combined preference and common shares were stated at \$5.78. However, as already pointed out, the Union is of the opinion that the company has been taking depreciation at excessive rates in the past several years.

In 1945 depreciation of \$3,436,827 was set apart. This was taken on fixed assets stated to be \$75,192,989. But, from this should be deducted the special plant sum of \$4,150,000 already referred to leaving fixed assets of \$71,042,989.

Depreciation at the company's established rate of 3.64 per cent would amount to \$2,585,965. This is less than the amount actually taken by \$850,862. By this amount Stelco has, therefore, understated its 1945 profits.

The addition of \$850,862 hidden profits to stated profits of \$4,159,260 gives real profits of \$5,010,122. On 719,852 combined preference and common shares this latter amount equals earnings per share of \$6.96 compared with \$5.78 stated by Stelco.

Total depreciation reserve at the end of 1945 was \$47,133,019. This represents an increase over 1939 of \$21,293,085, or over 82 per cent.

The unused and unjustified reserves of \$2,588,673 for Betterments and Replacements, Fire Insurance and Contingencies remains the same in 1945 as previously.

The unused balance in the Reserve for Rebuilding and Relining Furnaces amounted to \$3,378,409 at the end of 1945. As before, this figure includes \$1,991,162 carried forward unused since 1935.

The total of these two unused sums remains at \$4,579,835. This sum should be added to Surplus Account of \$32,173,767 shown by Stelco at the end of 1945. This would make the Surplus Account actually read \$36,653,602.

Total reserves and surplus, again excluding the hidden sums indicated above stood at \$86,196,127 at the year's end, 1945. This is an increase of \$36,651,367, or 74 per cent, over 1939. This latter figure is especially noteworthy in that it represents an extensive advance over 1944, which, as we have seen, had already increased by \$30,845,254 or 62 per cent, over 1939.

COMPANY STATEMENT, 1945

Assets

Current assets	\$34,043,363	
Fixed assets		
Plant	\$75,192,989	
Other plant	100,000	
Coal and ore companies	1,841,660	
	<hr/>	
Total fixed assets	77,134,649	
	<hr/>	
Total assets		\$113,011,894

Liabilities

Current liabilities		\$ 7,977,404
Current assets	\$34,043,363	
Current liabilities	7,977,894	
	<hr/>	
Net working capital	\$26,065,959	
Refundable portion of excess profits taxes		\$922,258 55

Stelco now produces approximately 1,000,000 tons of steel ingots annually. If all this were sold in crude form, the additional income to the company would be \$5 million. However, little, if any, of Stelco's ingot production is sold in crude form. Rather, it is used in manufacturing various types of steel products.

The price increases permitted on such products by Wartime Prices and Trade Board Order No. 617 generally exceeds \$5.00 per ton. The average price increase on Stelco's products may run upwards of \$8.00 or more per ton. In any event, the price increase of April 1, 1946, will apparently net the company additional income in excess of \$5 million annually.

The Union was given to understand by Stelco some months ago that the company could afford to pay to the full the increases sought for its employees. There can be no disputing the fact that the recent price increase removes any argument over the ability of this company to pay wages that will permit its employees a health and decency standard of living.

DOMINION STEEL AND COAL CORPORATION, LIMITED

FINANCIAL POSITION

Dosco, together with its subsidiaries, has facilities to produce 6,000,000 tons of coal, 1,700,000 tons of iron ore and over 600,000 tons of finished steel per annum. It normally consumes in its steel operations one quarter of the coal and less than one half the iron ore mined, the balance being available for domestic sale and, in the case of iron ore, for export as well.

Dosco's main steel operations are located at Sydney, Nova Scotia, on 700 acres of land bordering on the harbour. Its main products are rails, merchant bars, light shapes, concrete reinforcing bars, ship and heavy forgings, spikes, bolts, wire products, nails and car axles.

The company's iron ore properties are at Wabana, Newfoundland. The estimated ore reserves stand at 3,635,000,000 tons

Coal properties are mostly located in Cape Breton Island. It is estimated that the company's mines contain 2,500,000,000 tons of bituminous coal. This coal is used mainly for industrial purposes.

Despite the fact that Dosco has pleaded poverty over a number of years, annual returns for the corporation show greatly expanded profits after taxes, especially since 1937.

Consolidated profit and loss and balance sheet figures given below include operations of the following subsidiaries:—

1. Dominion Shipping Co. Ltd.
2. Sydney Lumber Co. Ltd.
3. James Pender & Co. Ltd.

4. Peck Rolling Mills Ltd.
5. Halifax Shipyards Ltd.
6. Seaboard Power Corp. Ltd.
7. St. Lawrence Wire Co. Ltd.
8. Security Fence Co. Ltd.
9. The Canadian Bridge Co. Ltd.
10. The Essex Terminal Railway Co.
11. Canadian Steel Lands Ltd.
12. The Canadian Steel and Wire Co. Ltd.
13. Canadian Transmission Tower Co. Ltd.
14. Canadian Steel Corp. Ltd.
15. Canadian Bridge Engineering Co. Ltd.
16. Graham Nail and Wire Products Ltd.
17. The Sarnia Fence Co. (1939) Ltd.

The operations of Peck Rolling Mills Limited, Security Fence Co. Limited, and St. Lawrence Wire Co. Ltd. are on the site of Canadian Tube & Steel Products Limited and are in process of being consolidated with that subsidiary of Dosco.

Certain subsidiaries are excluded from the returns listed below. These are:—

1. Nova Scotia Steel & Coal Co. Ltd.
2. Dominion Coal Co. Ltd.
3. Canadian Tube & Steel Products Ltd.

The first two of these excluded subsidiaries have in turn subsidiaries of their own:—

1. Nova Scotia Steel & Coal Co. Ltd.
 - (1) Old Sydney Collieries Ltd.
 - (2) Trenton Industries Ltd.
 - (3) Acadia Coal Co. Ltd.
 - (4) Eastern Car Co. Ltd.
 - (5) Trenton Steel Works Ltd.
2. Dominion Coal Co. Ltd.
 - (1) Empire Housing Co. Ltd.
 - (2) Dominion Rolling Stock Co. Ltd.
 - (3) Sydney & Louisburg Railway Co.
 - (4) Cumberland Railway & Coal Co.

THE RECORD SINCE 1937

Year	Operating Profit	Net Income	Earned Per Share
1945	\$3,594,426	\$1,249,213	1.20
1944	4,077,158	575,305	.55
1943	4,773,108	1,002,386	.96
1942	4,839,792	1,021,745	.98
1941	(a)	1,166,053	1.12
1940	(a)	1,157,373	1.11
1939	3,039,194	1,332,599	1.28
1938	3,009,312	1,239,177	1.19
1937	2,976,696	1,310,829	1.56
(a) not available			

THE STEEL COMPANY OF CANADA, LIMITED

	Increase 1944 over 1939	Per Cent Increase 1944 over 1939
Profits Before Taxes.....	\$ 1,974,540	30
Depreciation.....	2,016,735	127
Fixed Assets.....	18,892,627	38
Total Assets.....	28,914,538	37
Surplus.....	11,282,204	60
Working Capital.....	11,534,366	74
Total Reserves and Surplus.....	30,845,254	62
Depreciation Reserve.....	17,903,298	69
Book Value pfd. stock.....	46.69	31
Book Value com. stock.....	26.37	37

CONSOLIDATED PROFIT AND LOSS COMPARISON

Years Ended Dec. 31st	1945	1944	1943	1942	1941
	\$	\$	\$	\$	\$
Profits from all sources.....	(*)3,594,426	4,077,158	4,773,108	4,839,792	(a)
Depreciation.....	1,847,964	2,772,015	3,080,991	3,247,271	1,795,925
Available for interest.....	1,746,462	1,305,143	1,692,117	1,592,521	(a)
Interest.....	497,249	729,838	689,731	570,776	486,819
Net Income.....	1,249,213	575,305	1,002,386	1,021,745	1,166,053
Previous surplus.....	8,073,775	8,052,190	7,049,804	6,028,059	4,862,007
Profit and Loss surplus.....	9,322,988	8,073,775	8,052,190	7,049,804	6,028,059

(*) after deducting \$616,222 provision for income and excess profits tax.

(a) not available.

CONSOLIDATED BALANCE SHEET COMPARISON AS OF DEC. 31st

	1945	1944	1943	1942	1941
	\$	\$	\$	\$	\$
ASSETS					
Current.....	25,723,461	27,835,639	29,490,318	25,431,768	20,247,674
Property and plant less depreciation (y)	23,537,636	24,994,302	24,488,147	30,055,348	29,232,372
Total Assets.....	60,139,548	63,742,945	68,945,509	65,192,508	56,666,115
(y) After depreciation reserve of.....	23,794,116	22,138,902	21,181,758	18,122,265	15,171,077
LIABILITIES					
Current.....	5,226,238	8,813,498	12,570,964	9,478,439	6,527,409
WORKING CAPITAL POSITION					
Current assets.....	25,723,461	27,835,639	29,490,318	25,431,768	20,247,674
Current liabilities.....	5,226,238	8,813,498	12,570,964	9,478,439	6,527,409
Net working capital.....	20,497,223	19,022,142	16,919,354	15,953,329	13,720,265
Current ratio.....	4.9 to 1	3.1 to 1	2.3 to 1	2.7 to 1	3.1 to 1

CAPITALIZATION

BONDS OF WHOLLY-OWNED SUBSIDIARIES:

	Authorized	Outstanding
Halifax Shipyards		
4% first mortgage serial bonds, 1946-1949.....	—	(c) \$660,000
Canadian Bridge Co. Ltd.		
first mortgage 2%-3% serials, 1946-1955.....	\$1,500,000	(d) \$1,500,000

SECURITIES OF PARENT COMPANY:

	Authorized	Outstanding
Prior lien bonds.....	(e) \$3,500,000	—
1st mortgage 3½s, 1961.....	\$4,000,000	(f) \$4,000,000
Preferred class "A" shares, par value \$40.....	1,000,000 shs.	
Common class "B" shares, par value \$25.....	1,460,000 shs.	1,039,083shs.

(c) Payable \$165,000 annually, August 15, 1946-49.

(d) Payable \$150,000 annually, Oct. 1, 1945-55.

(e) Of which \$1,750,000 issued and held in the treasury.

(f) Of which \$2,250,000 will mature in equal amounts of \$225,000 from 1947 to 1956.

From the above it seems fair to say that the financial position of Dosco has steadily improved from year to year. In fact, Mr. Arthur Cross, Director and President of the corporation, emphasized this development in his annual address to the shareholders, April 12, 1946.

After speaking of gains in earnings per share, increased production of steel ingots, improvement in methods of ore beneficiation and blast furnace efficiency and certain other favourable factors, Mr. Cross gave a review of the financial position of the corporation. The following is a direct quotation from the report made by Mr. Cross:

"I should like to review briefly the history of the Corporation since it commenced operations in 1930, its predecessor companies having been in receivership for some years. In 1934 the Corporation was again on the verge of receivership due to its inability to meet the interest on the First Mortgage Bonds which were then outstanding and an arrangement was made which resulted in the issue of \$4,408,000.50, 6¼ per cent Income Bonds in place of the First Mortgage Bonds. As you have been informed in the Directors' Report these Income Bonds have been paid off since the close of the fiscal year and there are now outstanding \$4,000,000.00 of 3½ per cent bonds which will result in substantial interest savings. At December 31st, 1935, the Net Working Capital was \$4,442,827.56, while at 31st December, 1945, it is \$20,497,221.24, an improvement of \$16,054,393.68. There was a surplus of \$85,516.56 on the Consolidated Profit and Loss Account at 31st December, 1935, and at 31st December, 1945, there is a surplus of \$9,322,987.70, an improvement of \$9,237,471.14. During the same period additions to the properties and plants have totalled \$12,929,193.44. At December 31st, 1935, there were Bank Loans of \$3,275,613.50. To-day there are none."

Mr. Cross went on to say: "The foregoing brief financial review clearly demonstrates that your Directors have throughout the years had the interest of the shareholders in mind and their actions have resulted in a substantial increase in the value of the equity of the shares of the Corporation."

There is little that can be added by the union either to the above statements of the President of Dosco, or to the figures set down above and taken from annual reports of the corporation. All of the foregoing, in fact, belies the plea of poverty so often advanced by Dosco.

Attention might be drawn to one or two of the facts brought out in the above-mentioned financial data. The saving in interest indicated by Mr. Cross will amount to \$135,500 annually. The total saving in interest payments from 1944 to 1945 was \$232,590. This will mean a reduction in annual interest payments of \$368,090 from \$729,838 in 1944 to the present point of time in 1946.

Included in current assets as at December 31st, 1945, is the sum of \$6,699,611 for "investments". This is not further explained. It compares with \$59,915 in the same account five years earlier.

Current and total assets have each increased by approximately \$5 millions from 1941. Depreciation reserve against plant and equipment increased by \$8.6 millions in the same period. At the same time current liabilities have decreased, especially from 1943. Profit and loss surplus was \$6 millions in 1941 and \$9.3 millions at the end of 1945.

It is estimated that the actual value underlying Dosco's common shares runs between \$45.00 and \$50.00 per share. Although the stock market price of these shares was as low as \$6.00 in 1941, out of all proportion to their book value, recently there has been an appreciation in their exchange price, this price having reached approximately \$23.00 per share. No explanation as to why the stock market price is consistently below book value, nor of the recent rise in the market price, is available.

It may be that the declaration of a 25¢ per share half yearly dividend would account at least in part for the stock market activity in this security. Since 1937 the corporation has reported net profits of more than \$10 millions, equivalent to about \$10.50 per share, after setting aside for depreciation more than \$17 millions. The declaration of the dividend is the first on record on the "B" stock.

As pointed out by Mr. Cross, net working capital is now in excess of \$20 millions. This figure is in itself a substantial sum for a corporation of this size. It should also be noted, however, that the current ratio between current assets and current liabilities is 4.9 to 1, a very favourable position.

At the recent hearings before Commissioner Roach, in Montreal, representatives of Dosco were asked if steel was sold at the same price to subsidiaries as to other steel fabricators. The answer given by Mr. C. B. Lang, a Director of Dosco, was that in some instances the company sold steel at a lower price to subsidiaries. To the extent that this is done, a true picture of the returns on the Sydney operations is not capable of being drawn.

In reference to the price increase granted to steel manufacturers by Wartime Prices and Trade Board Order No. 617, dated April 1, 1946, as far as can be estimated by the Union, the additional income deriving to Dosco therefrom may amount to about \$3,500,000.

However, in answer to a question from Commissioner Roach in the hearing in Montreal already referred to, Dosco representatives replied that from 47 per cent to 50 per cent of the company's production was exported and that the export price was in excess of the domestic price even allowing for the increase granted to the company on April 1, 1946.

According to company statements, much of its export market has been curtailed by action of the Federal Government, requiring, apparently, most of the company's production be made available for use in Canada. In that event, the price increase will probably mean additional income of \$3,500,000 for 1946, as noted above. Resumption of the export trade will place the company in a still more favourable position financially.

As well as being strategically located for the export trade, Dosco is, through the acquisition of Canadian Tube & Steel Products in Montreal, in a good competitive position geographically. This subsidiary, consolidating as it does several lesser subsidiaries on the same property, is complementary to the Sydney plant. It offers converting facilities for the raw materials produced at Sydney in the midst of the largest single market for steel products in Canada.

Finally, it should be noted that there has been a great increase in demand from abroad for Dosco's iron ore. Last year shipments of iron ore for export totalled 350,000 tons. This year (1946) the company has negotiated the sale of 750,000 tons of iron ore abroad.

The Union is of the opinion that the financial position of Dosco was such before April 1, 1946, that it could afford to pay the wage increases requested by the Union. It is our opinion that the price increase granted to the steel

employers, on April 1, 1946, leaves no room for doubt but that Dosco now can well afford to pay its employees a wage that will permit a health and decency standard of living.

October 1, 1943	118·4
“ 1, 1944	117·7
“ 1, 1945	118·8
January 2, 1946	118·9
February 1, 1946	118·9
March 1, 1946	119·1
April 1, 1946	119·8
May 1, 1946	122·0
June 1, 1946	123·6

This is a ballot paper returned to the National Office by a local union after the count.

UNITED STEELWORKERS OF AMERICA

1207 Bay Street, Toronto, Ontario

Are you in favour of authorizing our International Officers and Canadian Directors to take whatever steps may be necessary, including strike action, to secure the implementation of the national wages and hours demands of our union?	YES	<input type="checkbox"/>
	NO	<input type="checkbox"/>

AWARD ON ISSUE OF UNION SECURITY IN FORD DISPUTE

DECISION OF ARBITRATOR, MR. JUSTICE RAND—UNION SHOP DISALLOWED BUT COMPULSORY CHECK-OFF FOR ALL EMPLOYEES PROVIDED

As this number of the *Labour Gazette* went to press the arbitration award of Mr. Justice I. C. Rand on the issue of union security in the dispute between the Ford Motor Company of Canada and the International Union, United Automobile, Aircraft and Agricultural Implement Workers of America, was received in the Department of Labour. Owing to the importance of this award, publication of the *Labour Gazette* was delayed so that the text of the report might be included.

The strike of employees of the Ford Motor Company, which commenced September 12, 1945, was terminated on December 20 when the union accepted the joint plan of settlement of the Dominion and Ontario Governments, the principal provision of which called for arbitration by a judge of the Supreme Court of Canada of points which could not be settled by collective bargaining negotiations.

Mr. Justice I. C. Rand was named as arbitrator and conducted hearings between January 9 and 15.

His award dealing with the matter of union security was issued on January 29. The text appears below.

Opening with a discussion of the basic principles of employer-employee relations within the framework of modern industrial society, the report proceeds to a consideration of the matter of union security in general, and the situation at the Ford plant in particular.

The terms of the award deny union shop, which had been asked by the union, but provide for a new form of union security, the compulsory check-off of union dues from the wages of all workers under the agreement whether union members or not. The award also provides for penalties against individuals in the case of “wildcat” strikes and against the union in the case of a strike called without a secret ballot of all employees.

A second award, dealing with administrative points in the collective agreement, follows the text of the first award.

TEXT OF AWARD

In the matter of an arbitration between Ford Motor Company of Canada Limited and The International Union, United Automobile, Aircraft and Agricultural Implement Workers of America (U.A.W.-C.I.O.)

Award on the Issue of Union Security

The parties to this controversy have agreed to be bound on all points in dispute by the decision of an arbitrator. Ordinarily, the matter of arbitration is a claim for redress or an assertion of a right in respect of a contract or some other legal relation. In such a case the issue is clearly defined; it arises in an accepted legal setting and is to be decided on well recognized rules and considerations.

The task here has no such basis or simplicity. There is no legal right claimed to be violated and there is no specification or acceptance of the considerations on which a decision is to be founded. There is instead a contest of extra-legal relations and interests which in general must for the present at least be resolved by the force of ethical and economic factors resting ultimately on the exercise of economic power. As I conceive it, from the social and economic structure in which we live I must select considerations which have attained acceptance in the public opinion of this country and which as principles are relevant to controversies of the nature of that before me; and having done that, I must apply them to the specific matters in hand. Such an inquiry involves an examination of so wide and general a field of social doctrine, that at the risk of appearing pedantic, and in what may seem a jargon-like vocabulary, I must deal briefly with what I think will be agreed upon as fundamental lessons of experience, in an orientation which now holds the stage in the economic drama.

Basis of Problem

Any modification of relations between the parties here concerned must be made within the framework of a society whose economic life has private enterprise as its dynamic. And it is the accommodation of that principle of action with evolving notions of social justice in the area of industrial mass production, that becomes the problem for decision.

Certain declarations of policy of both Dominion and Provincial legislatures furnish me with the premises from which I must proceed. In most of the Provinces and by dominion war legislation, the social desirability of the organization of workers and of collective bargaining where employees seek them has been written into laws. That desideratum the Ford Company accepts. The corollary from it is that labour unions should become strong in order to carry on the functions for which they are intended. This is machinery devised to adjust, toward an increasing harmony, the interests of capital, labour and public in the production of goods and services which our philosophy accepts as part of the good life; it is to secure industrial civilization within a framework of a labour-employer constitutional law based on a rational economic and social doctrine. Its necessity arises from the actual implication of large scale industry in the life of labour and community and the mass of human relations thus created. Industry is seen to be integrated with the economic and social establishment and any disturbance in its scope or tempo sends out repercussions affecting interests which have been built up on the assumption of its continuance. The economic life and fortunes of men become hostages to that continuance, which in turn takes its place as part of the general security.

Now, that security is, here, in a democratic order which I think is government through the form of predominant individual opinion, but which assumes the presence of diverse opinion that may at any time become predominant and which at all times respects minority interests. The preservation of the individual as a centre of thought and action and its reconciliation with the general security is the end of that government. But unguarded power cannot be trusted and the maintenance of social balance demands that the use or exercise of power be subject to controls. Politically, this resides in alert public opinion and the secret ballot.

In the economic sphere there is the same necessity for counterchecks. We have the institution of private property. This may be conceived in terms of natural right adhering to a free will, an absolutist concept; or in social terms, in which control of use is permitted to the individual until the general interest requires its modification. In the former sense, property becomes more or less identified with personality and its invasion tends to arouse a primitive savagery.

In industry, capital must in the long run be looked upon as occupying a dominant position. It is in some respects at greater risk than labour; but as industry becomes established, these risks change inversely. Certainly, the predominance of capital against individual labour is unquestionable; and in mass relations, hunger is more imperious than passed dividends.

Against the consequence of that, as the history of the past century has demonstrated, the power of organized labour, the necessary co-partner of capital, must be available to redress the balance of what is called social justice: the just protection of all interests in an activity which the social order approves and encourages. But, organized labour itself develops and depends upon power, which in turn must be met in balancing controls in relation to the individual members or workers over whom it may be exercised, as well as to industry and public. To avoid misapprehension, I should add that I do not believe in any special deposit of virtue in any group. One difference between people in this respect is that some are aware of the persistence of an original taint.

That we cannot draw back and try to reverse the whole progress of the last 100 years in labour-employer relations, that we must go through to a higher evolution of them must, I think, be accepted as axiomatic. On that assumption there are two fundamental views to be taken on the mode of bringing that progress about: either to leave it as the issue of economic war in all its ferocity and waste or as the gradual rationalization of an area where interests are both common and conflicting. That we must have some sort of law or convention regarding these relations is inescapable: whenever human beings are drawn together socially or economically, a rule of that nature by whatever name we call it becomes imperative, and the stronger the conflict of interest the more insistent the demand for settled understandings. But we preserve the conquests of these understandings as we do of human rights generally, and they are taken on by new groups as of course. Is there any doubt at this time in serious minds of the right of labour to organize? In fact, our law now declares that right. The question is whether the remaining controversies are to be settled in the mode of war or reason. Considering the immense stage in which these relations now appear, it would be a sad commentary on what we call Christian civilization if every foot of that field would have to show the waste of conquest by economic struggle. There is still and may always be a residue of this area which it will be beyond the powers of man to conquer by the force of his intellectual or spiritual faculties and a similar residue may remain in economic relations. But the measure of our civilization will be the degree to which that residue is diminished in scope.

From the foregoing I draw the following conclusions. The organization of labour must in a civilized manner be elaborated and strengthened for its essential function in an economy of private enterprise. For this there must be enlightened leadership at the top and democratic control at the bottom. Similarly as to capital. The absolutist notion of property like national

sovereignty must be modified and the social involvement of industry must be the setting in which reconciliation with the interests of labour and public takes place. This means the rationalization of the individual industrial organism. Where rational considerations meet in an apparent impasse, a new factor must be taken into account, the issue of ultimate economic conflict. Apart from the question of wages, to men of good will who will recognize their obligation to the social order which makes possible and safeguards the very activity whose rights they defend, it ought not to be necessary that the inevitable loss to every interest should be actually suffered in labour strike; at the lowest, an intelligent appreciation of relative strengths including the public conviction by which these relations must ultimately be decided would obviate that loss; and I would not accept the view that the development of such judgment is beyond human powers. Hitherto the tendency has been to treat labour as making demands quite unwarranted on any basis of democratic freedom in relation to property and business and the ordinary mode of settling labour disputes, a piecemeal concession in appeasement. I cannot see much effort to place conciliation on principle and although at once I disclaim any hope of doing more than to suggest principle through a slightly altered approach, I must at least make that attempt.

The Particular Problem

From these general considerations I pass to the particular problem. It would, I think, be futile to try to fix detailed responsibility for the past unsatisfactory relations between the Ford Company and its employees. The primary and essential error lay, in my opinion, in what I have called an absolutist concept of property; the plant and business belonged to the Company; the Company was buying labour as a commodity; and labour had no more direct interest in the conduct of any part of the business than the seller of any other commodity. Whatever of fairness or reasonableness was to supplement high wages lay exclusively in the wiser judgment of management. It was an arm's length relation. This attitude could do only one thing; engender a like attitude on the part of employees; and a deterioration into tension and hostility was inevitable. Particularly was that inevitable when the nature of the operations is considered. Here is a highly congested and articulated undertaking; the work generally is the repetition of limited operations; the psychological effects, or in another aspect, the employee psychology, under the best conditions would require a sympathetic handling; in a hostile atmosphere they could be deplorable. Critically, the failure is not so much ethical or economic as intellectual; with such a set of assumptions even a wholly mechanical administration could be accompanied by the conviction of righteousness. What astonishes me is the anomaly of a magnificent engineering plant, machines and functions co-existing with a human engineering with so many apparent strains and frictions. But the negotiations throughout were carried on by both sides with frankness and good manners; both were desirous of avoiding futile recriminations and of setting themselves to the work of providing for the future protection of the best interests of the industry as a whole. It would therefore be a poor service to them to dwell further on these features. I can only trust that their real mutuality of interest in this enterprise is finally being sensed.

Certain actions which took place during the strike appeared to the public mind as extraordinary and I shall make a brief observation on them. Beyond doubt picketing was carried on in an illegal manner. The resistance to the preservation of plant property was from the standpoint of the strikers a supreme stupidity. The filling of the street alongside the plant with vehicles and the interference with innocent members of the public was an insolent flouting of civil order. But beyond doubt too, there was exasperation and provocation, and these actions seem to indicate the intensity of conviction on the part of the men that fair demands were being met only by stolid negativism. No one attempts

to justify these actions, but a strike is not a tea party and when passions are deeply aroused civilized restraint go by the board unless the powers of order are summoned to vindicate them. Illegal action is for the civil authority to deal with. That authority must take the risk of temporizing with lawlessness. If broken heads are the only alternative to protection of members of the public, I do not understand that public safety must be abandoned.

These matters are indeed relevant to the question of union responsibility. There must be growth in these organizations as in all other groups as well as individuals and only experience can bring maturity of judgment and of conduct. An irresponsible labour organization has no claim to be clothed with authority over persons or interests. But I am dealing with a body recognized as the bargaining agent for approximately 9,500 employees, and while their abuse of striking power cannot be excused, much less justified, we cannot disregard the complex of hostile attitudes and resulting exasperations from which that abuse in fact arose. The protection which the law in general now affords against an irresponsible organization as a bargaining agent is the power in the employees to choose a new agent.

I have had an opportunity of sizing up the leadership of this union so far as it is represented by the Committee of Negotiation. The members are all of English-speaking origin and British citizenship. They have impressed me as being men of the stuff of which ordinary Canadians are made. With the exception of Messrs. Burt and MacLean who are on leave of absence from General Motors at Oshawa as international representatives of the union, they are men with seniority in the Ford Plant ranging from 10 to 18 years. They conducted themselves in negotiation with intelligence and reasonableness. I have no doubt their dominating interest is the job of those they represent in that industry and that their object is to attain for those employees and their families a secure and self-respecting living, which seems to be the object of most Canadians. That aim is legitimate, whether or not attainment is possible.

It has been suggested that the union officers, as other labour leaders, are primarily concerned with the maintenance of their positions and powers and no doubt some of them have experienced stirrings of that nature. But union organization is admittedly necessary in the present set-up of our society and we cannot expect these men who have gifts of leadership—and it is by such leaders that movements against wrongs are initiated—to be quite free of those human frailties from which only a few saints escape. The only effective remedy for abuse of this nature is a greater democratization of the union.

It is intimated also that they are merely the instruments of a communistic group which seeks not the realization of private enterprise but its subversion. There may be such a group among the automobile workers in and about Windsor. There may be some degree of organization and leadership. But the employees who would be susceptible to one-sided teachings of that sort would not in general have the remotest understanding of communist ideology and would grasp at its promise as an escape from what is vaguely felt to be a dictatorship of capital. I should say on principle that a leadership which is opposed to communistic ends and methods, as I think this is, should be supported in a democratic economy; it is the failure of that leadership that furnishes the opportunity for strengthening the position of its opponents. I have no doubt that in the situation of Windsor to-day a city so immediately exposed to the pressure of labour action in the United States, an unreasoning denial of some effective form of union security would throw the controversy into a cauldron of deepening animosities ruinous to the interests of men, industry and public. Nor is it sufficient to say that these men must recognize their responsibilities. Responsibilities are the correlatives of rights and where the latter are unreasonably denied it is somewhat of mockery to be told that you must discipline yourself to injustice in order to demonstrate your title to justice. I am aware of the difficulty of defining justice, but in this

particular field we have come within sight of general standards according to which what the judgment of fair minded Canadians would call rough justice can be approximated.

Union Security

Let me now apply these considerations to the case before me in relation to the claim to union security; other points of difference have arisen, but they are minor, they concern plant administration matters, and I will deal with them in a separate memorandum.

Union security is simply security in the maintenance of the strength and integrity of the union. Disruptive forces may come from the Company or from other competing labour organizations or simply from the lack of centripetal force within the employee body. But the first is now forbidden by law and the second is not in fact present: the negotiating union is unchallenged in the organization of workers of automobile and affiliated industries.

What is asked for is a union shop with a check-off. A union shop permits the employer to engage employees at large, but requires that within a stated time after engagement they join the union or be dismissed if they do not. This is to be distinguished from what is known as a "closed shop" in which only a member of the union can be originally employed, which in turn means that the union becomes the source from which labour is obtained.

The "check-off" is simply the act by the employer of deducting from wages the amount of union dues payable by an employee member. It may be revocable or irrevocable for a stated time and may or may not fix the amount of deduction. Where there is a closed or union shop, the check-off becomes less significant because of the fact that expulsion from the union requires dismissal from employment.

In addition to the foregoing of which there may be many modifications, there is what is known as "maintenance of membership" which is a requirement that an employee member of a union maintain that membership as a condition of his continuing employment for a stated time, generally the life of an agreement. In this also there can be many modifications.

Factors in Decision

Basing my judgment on principles which I think the large majority of Canadians accept, I am unable in the circumstances to award a union shop. It would subject the Company's interest in individual employees and their tenure of service to strife within the union and between them and the union which, with extraordinary consequences, in one instance has proved a serious matter for the Company concerned: and it would deny the individual Canadian the right to seek work and to work independently of personal association with any organized group. It would also expose him even in a generally disciplined organization to the danger of arbitrary action of individuals and place his economic life at the mercy of the threat as well as the action of power in an uncontrolled and here an unmatured group. It may be said that that is the danger to the individual in society, but while we must run the risk of the latter, certainly in some situations it is desirable to withhold the same power from smaller units. This points to a field within labour organization affecting the interest of the individual, the employer and the public, which perhaps must be left for legislation. At least a code of these relations cannot be made a conditional annex to the determination of a limited point of dispute as I have it here.

I should point out that the employer can by his consent subject his employees to the full force of the organized power of unionism, and in many groups in trade and employments in Canada that has taken place: e.g. printing trades including that work in many newspapers, longshoremen, theatrical and

moving picture operators, hotel and restaurant employees, building workers, pulp and paper mill workers, miners, milk and dairy employees, seamen, and others. Some of these trades are organized as exclusive crafts, but their power is recognized and strengthened whenever in a plant permanent or temporary employees are taken from their ranks. In these cases, the employer's interest in his personnel, except as to competency, is surrendered and the individual's right against the organization, except as a member of it, is destroyed. It may be of some interest that the Ford Motor Company in the United States with over 100,000 employees affected, has accepted the union shop and check-off in all its production and assembly plants and units in that country.

On the other hand, the employees as a whole become the beneficiaries of union action, and I doubt if any circumstance provokes more resentment in a plant than this sharing of the fruits of unionist work and courage by the non-members. It is irrelevant to try to measure benefits in a particular case; the protection of organized labour is premised as a necessary security to the body of employees. But the Company in this case admits that substantial benefits for the employees have been obtained by the union, some in negotiation and some over the opposition of the Company. It would not then as a general proposition be inequitable to require of all employees a contribution towards the expense of maintaining the administration of employee interests, of administering the law of their employment.

What I am dealing with is employment in a mass production industry. The employees are co-ordinated with mechanical functions which in large measure require only semi-skilled operators. No long apprenticeship is necessary to acquire those skills; some operations can be taken on at once, and there is a general rise in complexity. But it is essentially the utilization of concentrated manpower in a framework of machines in which the initiative and artistry of the individual is either non-existent or becomes stereotyped. The large body of employees from their stature and their average skills are inescapably of a class that must be governed more or less in the mass and by mass techniques and one chief object of the plant law is to diffuse authority among the labour representatives to make administration as flexible as possible. But in such a body we cannot look for that generalized individuality in understanding and appreciation of the necessity for employee organization which craftsmen have tended to evolve. Their objectives and their conception of union function are much too simplified for that. With the aggravation of an annual lay-off, the result is that the union is subject to a periodic disorganizing tendency. Then too, the union has little to offer the men except their plant law: there is less individual appeal of or opportunity for social activities or union benefit provisions than in other classes of labour. In these conditions, it is, in my opinion, essential to the larger concern of the industry that there be mass treatment in the relation of employees to that organization that is necessary to the primary protection of their interests.

I consider it entirely equitable then that all employees should be required to shoulder their portion of the burden of expense for administering the law of their employment, the union contract; that they must take the burden along with the benefit.

The obligation to pay dues should tend to induce membership, and this in turn to promote that wider interest and control within the union which is the condition of progressive responsibility. If that should prove to be the case, the device employed will have justified itself. The union on its part will always have the spur to justify itself to the majority of the employees in the power of the latter to change their bargaining representatives.

It may be argued that it is unjust to compel non-members of a union to contribute to funds over the expenditure of which they have no direct voice; and even that it is dangerous to place such money power in the control of an

unregulated union. But the dues are only those which members are satisfied to pay for substantially the same benefits, and as any employee can join the union and still retain his independence in employment, I see no serious objection in this circumstance. The argument is really one for a weak union. Much more important to the employee will be the right which is being secured to him in the conditions to be attached to the check-off, to have a voice in that of which he is now a victim, the decision to strike. Whether the constitution of the union is sufficiently democratic in securing the powers of the members or such money power is dangerous are matters which concern the members and the public. The remedy lies essentially in the greater effectiveness of control in the members; but outside interference with that internal management is obviously a matter of policy for the legislature. Apart from the strengthening of the union on which I have made observations in these reasons, I see no special interest of the employer as such in these possible dangers and in the present state of things, those who control capital are scarcely in a position to complain of the power of money in the hands of labour.

The Company's suggestion was that in relation to the union shop the union should be left to its own resources until such time as legislation was passed placing controls and requirements on the constitution of unions, their accountability to members and the public and other features of their internal organization. But this assumes the exhaustion of the resources of private negotiation which I think unwarranted and in the actual circumstances and for the reasons I have given it would perpetuate a ruinous hostility in labour relations; and Mr. Aylesworth conceded that the scheme I am about to make effective went "quite" a way to meet his objections to a union shop.

Terms of Award

My award is a check-off compulsory upon all employees who come within the unit to which the agreement applies. It shall continue during the period of the contract. The amount to be deducted shall be such sum as may from time to time be assessed by the union on its members according to its constitution, for general union purposes; it shall not extend to a special assessment or to an increment in an assessment which relate to special union benefits such as for instance union insurance, in which the non-member employee as such would not participate or the benefit of which he would not enjoy. The deduction shall be made only in the conditions and circumstances laid down by the constitution and by-laws of the Union, but it shall not include any entrance fee. At the end of each calendar month and prior to the 10th of the following month the Company shall remit by cheque the total of the deductions to the local union.

This mechanism, from the orthodox standpoint, preserves the basic liberties of Company and employee which I have mentioned. The assesment affects only the employees; the employer is concerned only in the expense of the check-off and the strength which it may give to the union. But the expense can properly be taken as the employer's contribution toward making the union through its greater independence more effective in its disciplinary pressure even upon employees who are not members, an end which the Company admits to be desirable. I should perhaps add that I do not for a moment suggest that this is a device of general applicability. Its object is primarily to enable the union to function properly. In other cases it might defeat that object by lessening the necessity for self-development. In dealing with each labour situation we must pay regard to its special features and circumstances.

In addition to all other provisions in the agreement and subject to but except so far only as it or they may from time to time be affected by any law

or any regulation having the force of law, which, from time to time, shall be read with these provisions, this obligatory check-off shall be subject to the following conditions:—

1. No strike, general or partial, shall be called by the union before a vote by secret ballot supervised by an officer of the Department of Labour for Ontario appointed by the Minister of Labour for that province shall have been taken of all employees to whom the agreement applies and a majority voting have authorized the calling of a strike within two months from the balloting.

2. The union by one of its international officers or by two officers of the local, including the President, shall repudiate any strike or other concerted cessation of work whatsoever by any group or number of employees that has not been called by the union after being so authorized; and shall declare that any picket line set up in connection therewith is illegal and not binding on members of the union. The repudiation and declaration shall be communicated to the Company in writing within 72 hours after the cessation of work by the employees, or the forming of the picket line respectively.

3. In addition to any other action which the Company may hereunder or otherwise lawfully take, any employee participating in an unauthorized strike or other concerted cessation of work not called by the union shall be liable to a fine of \$3 a day for every day's absence from work and to loss of one year's seniority for every continuous absence for a calendar week or part thereof.

4. Should the union violate this provision for union security either by declaring a strike otherwise than with the authorization by ballot of the employees or by failing to repudiate or to declare as herein provided, it shall be liable to the penalty of a suspension of the check-off, in the case of any unauthorized strike by the union or an unauthorized general strike or concerted cessation of work by employees which it does not repudiate or of a picket line in connection therewith in respect of which it does not so declare, for not less than two and not exceeding six monthly deductions; and in the case of an unauthorized partial strike or cessation of work by employees, for failure to repudiate or declare, not less than one and not more than four monthly deductions; the suspension to be in the former case, next following the return to work of the striking employees, and in the latter case, next following the violation. The penalty above the minimum shall be in the discretion of the Company, but the Company shall have regard to the seriousness and the flagrancy of the violation: the reasonableness of that discretion shall be a matter for the grievance procedure and shall be submitted direct to the umpire. The suspension shall be absolute in its effect on dues for each of the months of the suspension period, subject however, to the decision of the umpire on any appeal under this paragraph.

5. At any time after the expiration of ten months from the date of the agreement and from time to time thereafter but with not less than one year between ballotings, not less than 25 per cent of all employees to whom it applies may on application to the Minister of Labour for Ontario obtain a secret ballot to be supervised by an officer of the Department of Labour for Ontario designated by the Minister for the selection of a bargaining agent, but the union shall continue to be the bargaining agent of the employees until a new bargaining agent has been so selected by a majority of the employees.

6. The deduction on the records of the Company shall constitute the sums so deducted as money held by the Company in trust for the Local.

7. This provision for union security shall be enforced by the Company against each employee to whom the agreement applies as a condition of his continuance in or entrance into the Company's service.

8. Any employee shall have the right to become a member of the union by paying the entrance fee and complying with the constitution and by-laws of the union.

9. Except as otherwise specifically provided or dealt with, any dispute as to a violation of any condition or provision of this section shall be matter for the grievance procedure and shall be submitted direct to the umpire.

10. The Company, the Union, and the Local shall do all such acts and things as may be requisite or necessary to the observance and carrying out of this provision for union security according to the true intent and meaning hereof.

Dated at the City of Ottawa this 29th day of January, 1946.

I. C. RAND,
Arbitrator.

AWARD ON ADMINISTRATIVE POINTS

(The paragraph numbers refer to the clauses of the Collective Agreement)

25. (a) If management's decision is not satisfactory to the employee concerned, written notice of appeal signed by the employee may be served on the Personnel Manager within four regular working days of the delivery of the decision, appealing therefrom to an impartial umpire to be selected by the parties to the grievance or if such parties fail to select an umpire within five regular working days of the receipt by the Personnel Manager of the notice of appeal, then to an impartial umpire designated by the Minister of Labour for Ontario. The umpire so designated shall be a jurist of repute in that province. Each party shall have the right to object to one name proposed by the Minister. Except as herein otherwise expressly provided, the decision of the umpire shall be final and binding on the parties to the appeal.

(b) Except as otherwise expressly provided herein, the umpire shall not have jurisdiction to modify in any manner any discipline imposed on an employee or the Union in accordance with the terms of this agreement or the published rules and regulations of the Company; but the Union may at any time suggest to the Company that the penalty provided by any such rule or regulation is unreasonable; and if agreement cannot be reached thereon, the matter shall be a grievance hereunder and shall be submitted direct to the umpire; but the decision of the umpire shall not be binding on the Company. This shall not affect the determination by the umpire of the fact of such violation or any question of the interpretation of this agreement or of the said rules and regulations. But if it is specifically alleged that the penalty has not been imposed in good faith but has been influenced by improper or ulterior motives or by reasons other than the proper administration of discipline within the plant, the umpire shall hear the evidence offered in support; and if he finds the allegation to be true, he shall have jurisdiction, notwithstanding anything herein contained, to modify the penalty accordingly.

The expense of the umpire, if any, shall be borne in equal shares by the Company and the Union, and the shares shall be paid direct to the umpire by each.

50. Notwithstanding their seniority status, stewards, in the event of a lay-off, shall be continued at work when not less than ten employees are working

in their respective jurisdictions. In the case of overtime or extra work, stewards shall be continued at work when work of their classification is available in their jurisdiction respectively which they are able and willing to do and, in the case of overtime or extra work, in any event, when not less than 15 per cent of the employees within their respective jurisdictions are at work, with a minimum number in all cases of ten and a maximum percentage requirement of twenty-five.

51. Notwithstanding their seniority status, plant committee men and negotiating committee men who are employees of the Company shall be continued at work as long as work of their classification is available in the plant in which they are employed and which they are able and willing to do.

52. A person who has been a member of the armed forces of Canada including the Merchant Marine at any time since September 1, 1939, upon entering the service of the Company and subject to the conditions of the probationary period, shall be given an immediate seniority equal to the length of time he served in the forces and this constructive seniority shall be taken into account in his application for work; but this shall not entitle him on such entrance to displace a person then in the Company's employ, except where the former was at the time of his becoming a member of the forces a resident of Essex County, Ontario, and the latter was immediately before his employment by the Company a non-resident of that county. To obtain the benefit of this clause, the person applying shall do so within one year from his discharge from the forces and shall at such time present his discharge papers. There shall be attached to such papers a certificate by the Company showing the date when he was taken into the Company's service.

56. The president and the Financial Secretary-Treasurer of the Local and any international officer of the Union having jurisdiction exclusively in Canada, being employees of the Company, so long as offices held by them are full-time positions, shall be granted leave of absence by the Company and while on such leave of absence shall accumulate seniority.

57. If an employee be transferred from one department to another, he shall incur no loss of seniority; provided that an employee transferred at other than his own request, unless such transfer is the result of his failure satisfactorily to perform the work required of him, shall be the junior employee in the occupational group or department, as the case may be, who is able satisfactorily to perform the work required of him in the new department, and he shall be notified of an opening occurring in his immediate former department within a period of six months from the date of his transfer and within 24 hours of such notification may elect to be retransferred to his immediate former department subject to his being able satisfactorily to perform the work required of him. If the employee on being so notified does not elect to be so retransferred, he shall thereafter have no claim on his immediate former department.

77. (a) Subject to any provision of law or any regulation having the force of law, this agreement shall continue until March 31, 1947, and thereafter unless and until terminated as herein provided. The termination may be effected on March 31, 1947, or on September 30, 1947, or on such days in any year hereafter in the following manner: Either party may give to the other two calendar months' notice of negotiation, setting forth all matters in respect of which it desires to amend this agreement. The parties will thereupon negotiate on such matters. If they do not agree thereon, the party giving the notice may, not later than the last week of the said period, give to the other a further notice of termination to take effect at the end of the month next following the period of negotiation, and on the expiration of that month this agreement shall come to an end. If no such further notice is given, this agreement shall continue in effect as if no notice of negotiation had been given, subject to any amendment the parties may have agreed to incorporate herein; upon the election at any

time or from time to time by the employees of a new bargaining agent, that agent shall be deemed to be substituted for the Union or other representative of the employees, as the case may be, as a party hereto as fully and to all intents and purposes as if it had been originally a party hereto.

79. The parties declare the desirability of a group medical, hospital and life insurance scheme for the benefit of the employees. If within six months from the date hereof the Company and the Local have not been able to agree upon such a scheme, the Local may at its own expense make provision for such benefits by an arrangement with an indemnity insurance company approved by the Minister of Labour for Ontario. The monthly premiums payable by the employees shall, upon the written authority of every such employee, be deducted each month from the payroll of the Company at its expense and the total sum in accordance with the direction of the Local remitted to the indemnity company with which the Local has contracted. The authorization to deduct shall make provision for cases in which the money payable to the employee in any month is not sufficient to enable the Company to make the necessary deduction.

80. Subject to any law or any regulation having the force of law, scales of wages and classifications may be the subject of a supplementary agreement, and unless otherwise provided therein the umpire hereunder shall have no jurisdiction in relation to such scales and classifications: but this shall not affect his jurisdiction over the matter of the application of such classifications as may from time to time be in effect to any employee.

EXTRACT

STATUTORY ORDERS AND REGULATIONS

WARTIME PRICES AND TRADE BOARD

ORDER NO. 617

Prices for Basic, Primary and Secondary Iron, Steel and Manufactured Products containing Iron or Steel

Under powers given to the Board by The Wartime Prices and Trade Regulations, being Order in Council P.C. 8528, dated November 1, 1941, and amendments, the Board orders as follows:—

Effective Date

1. This Order comes into force on April 1, 1946.

Exceptions to the Order

2. Notwithstanding anything hereinafter contained in this Order, the maximum net selling price at which any person may sell any of the following goods:

Steel plates produced in Canada except as provided by the provisions of Section 4 of the Order;

Containers of all kinds;

Electric or gas operated stoves, ranges, rangettes, heaters, grates, water heaters and refrigerators adapted to household use;

The following electrical appliances adapted to household use:

Food Choppers and grinders; irons and ironers, washing machines; vacuum cleaners and attachments therefor; garbage disposal units; floor waxers and polishers;

The following other electrical appliances:

Grills; waffle irons; hot plates; roasters; kettles; chafing dishes; food or drink mixers; juice extractors; coffee makers; toasters of all kinds;

portable humidifiers; curling irons or tongs; hair dryers; permanent waving machines and spacers or clamps, rods and heaters therefor; razors and shavers; bottle warmers; bottle sterilizers; broilers; doughnut cookers; egg cookers; slicers and shredders; vibrators;

Farm implements and machinery and parts therefor;

Furniture of all kinds including mattresses, springs, etc.;

Motor vehicles and parts therefor;

may not be increased above his highest lawful selling price in effect on March 30, 1946, unless the increased price at which these goods may be sold by that person is fixed pursuant to the provisions of Board Order No. 414 or otherwise by Order by or under the authority of or concurred in by the Board.

Definitions

3. For the purposes of this Order, "maximum net selling price" for any seller in respect of his sale of any product to which this Order applies, to any particular buyer, means the seller's highest lawful selling price before cash discount, in effect on March 30, 1946, but after deduction of all differentials and other discounts customarily allowed by that seller to that buyer or to buyers of the same class.

Highest Lawful Selling Prices in Effect on March 30, 1946, for Steel Products

4. (1) The producer of a basic and/or primary steel product who did not increase his lawful selling price for such product on or after February 14, 1942, by the full amount of the price increase authorized by the Steel Controller on that date may on all his sales of such product increase his lawful selling price by adding thereto to the difference between the full amount of the price increase so authorized and the amount, if any, by which he has already increased such price.

(2) Any seller, other than the producer, of a basic and/or primary steel product produced in Canada, may increase his lawful selling price for such product in Canada, may increase his lawful selling price for such product in effect on February 13, 1942, by the amount of the increase in his supplier's lawful selling price to him, between February 14, 1942, and March 30, 1946, both inclusive.

(3) The lawful selling prices established by subsections (1) and (2) above for basic and/or primary steel products produced in Canada shall be deemed to be the highest lawful selling prices in effect on March 30, 1946.

Basic and/or Primary Iron or Steel Products Listed in Schedule "A"

5. The maximum net selling price at which any person may sell a basic and/or a primary iron or steel product produced in Canada and listed in Schedule "A" hereto, is increased by the amount calculated at the rate set forth for that product in the said Schedule "A".

Secondary Iron or Steel Products Listed in Schedule "B"

6. The maximum net selling price at which a manufacturer may sell a secondary iron or steel product produced in Canada and listed in Schedule "B" hereto is increased by the amount calculated at the rate set forth for that product in the said Schedule "B".

Sales by Distributors of Iron and/or Steel Products Produced in the United States of America

7. (1) The maximum net selling price at which the importer may sell an iron or steel product produced in the United States of America to a manufacturer is increased by the amount of the difference between his current laid down cost in accordance with maximum prices fixed by the Office of Price Administration of

the United States of America for such product and the maximum laid down cost similarly determined at which an identical product was or could have been imported from the same seller or class of seller in the United States of America on December 31, 1945.

(2) If the importer sells to a person other than a manufacturer, an iron or steel product produced in the United States of America he shall not increase his selling price therefor except to the extent that upon application by him he is authorized so to do by the Administrator of District Trades.

Sales by Manufacturers of Goods Containing Iron or Steel

8. (1) The maximum net selling price at which the manufacturer may sell goods containing any iron or steel is increased by the amount of the increased cost of any component of such goods effected by reason of any price increase authorized by the provisions of this Order, plus twenty-five per centum (25 per cent) of such increased cost.

(2) Notwithstanding the provisions of subsection (1) above if the components are iron or steel produced in Canada and are of types listed in Schedule "C" hereto, the increased cost referred to in subsection (1) above shall be deemed to be the amount calculated on the basis of the rates of cost increase set forth in the said Schedule.

(3) In addition to the increase in the maximum net selling price of a manufacturer authorized by subsection (1) of this Section, the maximum net selling price at which the manufacturer may sell goods containing any iron or steel component which he imported directly from the United States of America is further increased by the amount of the difference between his current laid down cost in accordance with maximum prices fixed by the Office of Price Administration of the United States of America for such component and the maximum laid down cost similarly determined at which an identical component was or could have been imported directly from the same seller or class of seller in the United States of America on December 31, 1945, plus an amount equal to twenty-five per centum (25%) of such difference in laid down cost.

(4) For the purposes of this Section "component" means any material all or part of which is physically incorporated into goods produced for sale and shall not include manufacturing supplies, machinery, tools and equipment used in the production of finished goods.

Sales by Wholesalers of Goods Containing Iron or Steel

9. (1) The maximum net selling price at which any wholesaler may sell goods other than basic and/or primary iron or steel products listed in Schedule "A" which are manufactured in Canada, and contain any iron or steel components shall be increased to the sum of the following:—

- (a) the maximum net selling price at which the manufacturer of those goods who is his supplier may sell the goods to him;
- (b) the actual cost incurred by him in transporting the goods from his supplier's shipping point to his place of business; and
- (c) the highest markup (percentage of selling price) which he could lawfully have obtained on March 30, 1946, on his sales to that person of the same or a substantially similar kind and quality of goods.

(2) In transactions between wholesalers, the total of the markups taken by all wholesalers must not exceed the amount allowed by subsection (1) above to the original wholesaler, and each seller must show on his sales invoice the amount of markup remaining for the buyer.

(NOTE: The Administrator of Distributive Trades will in the near future be issuing an Order varying the maximum markups for sales by wholesalers and retailers of a substantial number of the goods, sales of which by wholesalers and retailers are at present governed by Sections 9 and 10 of this Order.)

Sales by Retailers of Goods Containing Iron or Steel

10. The maximum net selling price at which any retailer may sell goods other than basic and/or primary iron or steel products listed in Schedule "A" which are manufactured in Canada and contain any iron or steel components shall be increased to the sum of the following:—

- (a) the maximum net selling price at which his supplier may sell the goods to him;
- (b) the actual cost incurred by him in transporting the goods from his supplier's shipping point to his place of business; and
- (c) the highest markup (percentage of selling price) which he could lawfully have obtained on March 30, 1946, on his sales to that person of the same or a substantially similar kind and quality of goods.

Notification of New Prices

11. Before selling any goods other than those listed in Schedules "A" and "B" hereto at a price higher than his maximum net selling price for those goods in effect as of March 30, 1946, any person (other than a retailer) whose maximum net selling price for any goods is increased, pursuant to the provisions of this Order, shall notify his customers of the new prices and in addition (if such person is a manufacturer) shall file with the appropriate commodity Administrator a list of the maximum net selling prices which he had in effect on March 30, 1946, and either

- (a) a list of the prices established by him pursuant to the provisions of this Order as being his maximum net selling prices; or
- (b) a list of the rate or rates of increases established by him pursuant to the provisions of this Order and used in determining his maximum net selling prices together with detailed computations used as bases or formulae in determining such increases.

The prices so established by any person for any goods shall be his maximum net selling prices for those goods and he may continue to sell such goods at such maximum net selling prices unless he is otherwise directed by or on behalf of the Board.

Made at Ottawa, this 29th day of March, 1946.

D. GORDON,
Chairman.

SCHEDULE "A"

to

ORDER No. 617

BASIC AND/OR PRIMARY IRON AND STEEL PRODUCTS

<i>Product</i>	<i>Rate of Price Increase</i>
Pig Iron	\$5.00 per gross ton
Ingots	5.00 " " "
Blooms, Billets and Slabs	6.00 " " "
Rails, Heavy (over 60 lbs. in weight)	4.00 " " "
Light (60 lbs. or less in weight)	6.00 " " "
Sheet Piling .....	.25 per 100 lbs.
Structural Shapes, Heavy .....	.40 " " "
Bars, hot rolled, carbon and alloy, including bar size structurals .....	.20 " " "
Sheets, Hot and Cold rolled including tin mill, black and blue .....	.25 " " "
Galvanized .....	.30 " " "
Wire Rods, Hot Rolled .....	.40 " " "
Grinding Balls—(Forged Steel only) .....	.50 " " "
Splice Bars .....	.35 " " "
Tie Plates .....	.35 " " "
Axles for railway rolling stock—	
Freight .....	.35 " " "
Other .....	.55 " " "

SCHEDULE "B"

to

ORDER No. 617

SECONDARY IRON AND STEEL PRODUCTS

<i>Product</i>	<i>Rate of Price Increase</i>
Wire, Heavy (.034" in diameter or thickness and heavier)	\$0.50 per 100 lbs.
Fine (lighter than .034" in diameter or thickness) ..	1.00 " " "
Barbed .....	.50 " " "
Bale Ties .....	.50 " " "
Nails, Wire .....	.20 " " "
Cut .....	.75 " " "
Staples (wire all types) .....	.20 " " "
Rivets, small and large .....	.55 " " "
Spikes, Drift and Pressed .....	.55 " " "
Track and Shimming .....	.35 " " "
Bolts, Track .....	.35 " " "
Horse Shoes	1.00 " " "
Fence, all types, including welded and woven wire mesh, except snow fence	12½ per cent
Snow	10 " " "
Gates, posts and fittings	12½ " " "
Bolts, nuts, screws, washers and burrs (all types)	12½ " " "
Cotter Pins	10 " " "
Tacks—Cut	10 " " "
Wire	10 " " "
Horse Nails	10 " " "
Calks, Screw	10 " " "
Toe	10 " " "
Drive	20 " " "
Hoops, made of steel sheets or wire	10 " " "
Bright Goods, comprising Cornice Hooks, Wire Door Pulls, Gate Hooks and Eyes, Wire Hat and Coat Hooks, Screw Eyes, Screw Hooks, Storm Window Eyes, Stove Pipe Screw Eyes, Stove Scrapers and Jack Chain	10 " " "

SCHEDULE "C"

to

ORDER No. 617

IRON AND STEEL PRODUCTS

<i>Product</i>	<i>Rate of Cost Increase</i>
Pig Iron	\$5.00 per gross ton
Ingots	5.00 " " "
Blooms, Billets and Slabs	6.00 " " "
Bars, hot rolled, carbon and alloy, including bar size structurals .....	.45 per 100 lbs.
Plates .....	.25 " " "
Sheets, Hot and Cold Rolled including tin mill black and blue and Galvanized .....	.50 " " "
Wire Rods, Hot Rolled .....	.40 " " "
Wire, Heavy (.034" in diameter or thickness and heavier)	.50 " " "
Fine (lighter than .034" in diameter or thickness) .	1.00 " " "

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT 30TH APRIL, 1939

ASSETS

Current Assets—

Cash.....		\$	544,108 43	
Bills and Accounts Receivable—				
Sundry Debtors, less reserve.....	\$ 1,635,220 39			
Subsidiary Companies.....	10,217 20		1,645,437 59	
Inventories—				
Valued at the lower cost or market—				
Raw materials, semi-finished products and supplies.....	2,523,363 87			
Ore—subject to the lien of the supplier until discharge of \$140,014.94 shown as liability per contra.....	295,887 22			
Saleable products.....	634,140 47			
		\$	3,453,391 56	
Steel rolled under Contracts—				
(valued at net selling price).....	631,475 42		4,084,866 98	
Advance payments on Contracts.....			38,382 40	\$ 6,312,795 40
Advances to Subsidiary Companies.....				607,100 00
Investments.....				1,069,525 01
Property and Equipment—				
Lands, Buildings, Plant and Equipment.....	\$17,541,910 04			
Less—Reserve for Depreciation.....	2,118,694 45		15,423,215 59	
Prepayment and deferred Charges.....				126,636 60

\$23,539,272 60

THE SHAREHOLDERS,
 ALGOMA STEEL CORPORATION, LIMITED,
 Sault Ste. Marie,
 Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited, for the year ended 30th April, 1939, and report that we have obtained all the information and explanations which we have required.

In our opinion the accompanying Balance Sheet and relative Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at 30th April, 1939, and the result of its operations for the year ended that date, according to the best of our information and the explanations given to us, and as shown by the books of the Corporation.

Montreal, 3rd July, 1939.

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT 30TH APRIL, 1939

LIABILITIES			
Current Liabilities—			
Bank Loan, secured.....	\$	165,000 00	
Interest First Mortgage Bonds—Due 1st May, 1939.....		69,000 00	
Accrued Wages and Salaries.....		126,840 03	
Accounts Payable—			
Sundry Creditors.....	\$	318,797 41	
Subsidiary Companies.....		4,915 33	323,712 74
Notes Payable.....		43,438 00	
Deposits on Contracts.....		5,000 00	
Accrued Liabilities—			
Contract Ores, secured.....		140,014 94	
Deferred Payments on Contracts.....		34,713 18	
Coal Duties.....		113,294 25	
Royalites, Commissions and Sundries.....		51,882 64	
Taxes, General.....		93,740 41	
Provision for Income Taxes.....		117,091 38	550,736 80
			\$ 1,283,727 57
Reserves—			
For Rebuilding and Relining Furnaces, etc.....		2,379,323 30	
For Contingencies.....		91,940 86	2,471,264 16
Funded Debt—			
First Mortgage Bonds—Series “A”			
Serial Bonds—1939 to 1944.....		*1,200,000 00	
Convertible Bonds due 1948.....		1,800,000 00	3,000,000 00
Capital Stock and Surplus—			
5% Preference (Non-cumulative until January 1, 1940)			
Authorized—27,000 shares at \$100.00 par value			
Issued.....		26,390 Shares	
Less—Purchased and			
Redeemed.....	2,215		
Converted into			
Common Stock.....	2,160	4,375 Shares	
Outstanding	22,015 Shares		2,201,500 00
Common—No Par Value			
Authorized—1,000,000 Shares			
Issued—407,540 Shares		10,188,500 00	
Distributable Surplus.....		2,793,857 22	
Earned Surplus—			
As at 1st May, 1938.....	1,372,992 15		
Net Surplus for Year ended 30th April, 1939.....	227,431 50	1,600,423 65	16,784,280 87
			<u>\$23,539,272 60</u>

*Of this issue, \$200,000 00 matures 1st November, 1939.

BARROW, WADE, GUTHRIE & CO.,
Auditors.

STANDING COMMITTEE

ALGOMA STEEL CORPORATION, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH APRIL, 1939

Sales of Rolled Products, Pig Iron, Coke and By-products—including net selling price of contract steel not yet delivered.....	\$10,344,254 91	
Less—Selling and shipping expenses, Royalties, etc.....	297,378 00	
	<hr/>	\$10,046,876 91
Cost of Products Sold.....		9,086,206 07
Operating Profit.....		<hr/> 960,670 84
Other Income—		
Interest earned.....		22,329 21
		<hr/> 983,000 35
Interest—		
On Loans.....	62,771 36	
First Mortgage Bonds.....	69,000 00	
	<hr/>	131,771 36
Profit before Depreciation and Income Taxes.....		<hr/> 851,228 69
Depreciation—Plant and equipment.....		566,828 06
		<hr/> 284,400 63
Provision for Income Taxes.....		56,969 13
Net Addition to Surplus for year ended 30th April, 1939.....		<hr/> <hr/> 227,431 50

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30, 1940

ASSETS		
Current Assets—		
Cash.....	\$	149,353 45
Bills and Accounts Receivable—		
Sundry Debtors.....	\$	2,513,286 59
Subsidiary Companies.....		8,504 33
		<u>2,521,790 92</u>
Inventories—		
Valued at the lower of cost or market—		
Raw materials, semi-finished products and supplies.....		3,182,980 81
Ore—Subject to the lien of the supplier until discharge of \$235,908.27, shown as liability per contra.....		
		672,135 94
Saleable Products.....		976,324 40
		<u>4,831,441 15</u>
Steel rolled under Contracts.....		400,477 03
(Valued at net selling prices)		<u>5,231,918 18</u>
Advance Payments on Contracts.....		127,250 69
		<u>\$ 8,030,313 24</u>
Advances to Subsidiary Companies.....		1,832,117 62
Investments.....		1,072,742 51
Property and Equipment—		
Land, Buildings, Plant and Equipment.....		18,911,502 45
Less: Reserve for Depreciation.....		2,785,027 72
		<u>16,126,474 73</u>
Prepayments and Deferred Charges.....		118,849 92
		<u>\$27,180,498 02</u>

THE SHAREHOLDERS,
ALGOMA STEEL CORPORATION, LIMITED,
Sault Ste. Marie, Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited for the year ended 30th April, 1940, and report that we have obtained all the information and explanations which we have required.

In our opinion, the accompanying Balance Sheet and relative Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at 30th April, 1940, and the result of its operations for the year ended that date, according to the best of our information and the explanations given to us, and as shown by the books of the Corporation.

Toronto, June 12, 1940.

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30, 1940

LIABILITIES			
Current Liabilities—			
Bank Loan, secured.....		\$ 2,372,000 00	
Interest First Mortgage Bonds—Due May 1, 1940.....		63,350 00	
Accrued Wages and Salaries.....		212,489 67	
Accounts Payable—			
Sundry Creditors.....	\$ 433,498 87		
Subsidiary Companies.....	47,395 40		
		480,894 27	
Dividend payable May 15, 1940.....		27,518 75	
Deposits on Contracts.....		5,000 00	
Accrued Liabilities—			
Contract Ores, secured.....	235,908 27		
Deferred Payments on Contracts.....	78,175 27		
Sundries, including Coal Duties, etc.....	295,197 60		
Income and Excess Profits Taxes.....	242,244 21		
		851,525 35	
			\$ 4,012,778 04
Reserves—			
For Rebuilding and Relining Furnaces, etc.....		2,739,987 82	
For Contingencies.....		90,730 31	
			2,830,718 13
Funded Debt—			
First Mortgage Bonds—Series "A"			
Serial Bonds—1940 to 1944.....		* 1,000,000 00	
Convertible Bonds due 1948.....		1,714,000 00	
			2,714,000 00
Capital Stock and Surplus—			
5% Preference (Cumulative from January 1, 1940)			
Authorized—27,000 Shares at \$100.00 par value			
Issued.....	26,390 Shares		
Less: Purchased and Redeemed.....	2,215		
Converted into Common Stock.....	2,160 4,375 "		
Outstanding.....	22,015 "	2,201,500 00	
Common—No par value			
Authorized—1,000,000 Shares			
Issued— 412,700 "		10,274,500 00	
Distributable Surplus.....		2,793,857 22	
Earned Surplus—			
As at May 1, 1939.....	1,600,423 65		
Net Surplus for Year ended April 30, 1940....	780,239 73		
		2,380,663 38	
Deduct: Dividend on Preference Stock of \$1.25 per			
share payable May 15, 1940.....	27,518 75		
		2,353,144 63	
			17,623,001 85
* Of this Issue \$200,000 matures November 1, 1940.			
			<u>\$27,180,498 02</u>

BARROW, WADE, GUTHRIE & CO.,
Chartered Accountants.

STANDING COMMITTEE

ALGOMA STEEL CORPORATION, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH APRIL, 1940

Sales of Rolled Products, Pig Iron, Coke and By-Products, including net selling price of Contract Rails not yet delivered.....	\$16,264,821 44	
Less: Selling and Shipping Expenses, Royalties, etc.....	391,284 92	\$15,873,536 52
Cost of Products Sold.....		14,077,878 47
Operating Profit.....		1,795,658 05
Other Income		
Interest Earned.....		104,767 32
		1,900,425 37
Interest—		
On Loans.....	68,942 32	
On First Mortgage Bonds.....	132,247 25	
		201,189 57
Profit before depreciation and income taxes.....		1,699,235 80
Depreciation—Plant and Equipment.....		683,162 97
		1,016,072 83
Provision for Income and Excess Profits Taxes.....		235,833 10
Net Surplus for Year Ended 30th April, 1940.....		\$ 780,239 73

STANDING COMMITTEE

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30, 1941

ASSETS

Current Assets—		
Cash.....		106,258 53
Bills and Accounts Receivable—		
Sundry Debtors.....	3,289,939 46	
Subsidiary Companies.....	14,061 57	
		<u>3,304,001 03</u>
Inventories—		
As determined by the Management, valued at the lower cost or market:		
Raw materials, semi-finished products and supplies.....	5,324,589 96	
Saleable Products.....	800,100 16	
		<u>6,124,690 12</u>
Advance Payments on Contracts.....		152,197 45
		<u>9,687,147 13</u>
Plant Extension—		
Cash in trust—re Deferred Liability per contra		177,241 20
Advances to Subsidiary Companies.....		1,423,017 62
Investments:		
Subsidiary Companies.....	1,062,924 01	
Other.....	13,201 00	
		<u>1,076,125 01</u>
Property and Equipment—		
Land, Buildings, Plant and Equipment.....	19,280,393 85	
Less: Reserve for Depreciation.....	3,558,015 36	
		<u>15,722,378 49</u>
Prepayments and Deferred Charges.....		125,934 57

\$28,211,844 02

The Shareholders,
 Algoma Steel Corporation, Limited,
 Sault Ste. Marie, Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited for the year ended April 30, 1941, and report that we have obtained all the information and explanations which we have required.

In our opinion, subject to the adequacy of the provision for Excess Profits Tax the above Balance Sheet and relative Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at April 30, 1941, and the result of its operations for the year ended that date, according to the best of our information and the explanations given to us, and as shown by the books of the Corporation.

Toronto, June 20, 1941.

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30, 1941

LIABILITIES

Current Liabilities—

Bank Loan, secured	1,774,000 00
Interest on First Mortgage Bonds—Due May 1, 1941	59,850 00
Accrued Wages and Salaries	285,305 25

Accounts Payable—

Sundry Creditors	642,169 23
Subsidiary Companies	321,338 94

963,508 17
5,000 00

Deposit on Contracts

Accrued Liabilities—

Deferred Payments on Contracts	137,721 88
Coal Duties and War Exchange Tax	144,290 70
Sundry	238,684 08
Provision for Income and Excess Profits Taxes	559,852 05

1,080,548 71

4,168,212 13

Deferred Liability—

Re Plant Extension per contra	177,241 20
-------------------------------------	------------

Reserves:

For Rebuilding and Relining Furnaces, etc.	2,909,339 48
For Contingencies	94,047 83

3,003,387 31

Funded Debt —

First Mortgage Bonds—Series “A”

Serial Bonds—1941-1944	* 800,000 00
Convertible Bonds due 1948	1,714,000 00

2,514,000 00

Capital Stock and Surplus—

5% Cumulative Redeemable Preference Stock

Authorized—27,000 Shares at \$100.00 par value

Issued	26,390 Shares
Less: Purchased and Redeemed	3,275
Converted into Common Stock	2,160 5,435 “

Outstanding

Common—No par value

Authorized—1,000,000 Shares

Issued — 412,700 “	10,274,500 00
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12,370,000 00

Distributable Surplus

2,796,598 64

Earned Surplus—

As at May 1, 1940	2,353,144 63
Surplus for Year ended April 30, 1941	911,816 36

3,264,960 99

Deduct: Dividends on Preference Shares	82,556 25
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3,182,404 74

18,349,003 38

* Of this Issue \$200,000.00 matures November 1, 1941.

\$28,211,844 02

NOTE: By arrangement with the Dominion Government the Corporation is proceeding with a Plant Extension project.

BARROW, WADE, GUTHRIE & CO.
Chartered Accountants.

STANDING COMMITTEE

ALGOMA STEEL CORPORATION, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED APRIL 30, 1941

Sales of Rolled Products, Pig Iron, Coke and By-Products, including net selling price of Contract Rails not yet delivered.....	25,117,776 33	
Less: Selling and Shipping Expenses, Royalties, etc.....	517,775 45	
		24,600,000 88
Cost of Products Sold.....		22,120,406 57
Operating Profit.....		2,479,594 31
Other Income:—		
Interest earned.....		81,713 33
		2,561,307 64
Interest:		
On Loans.....	166,787 93	
On First Mortgage Bonds.....	123,200 00	
		289,987 93
Profit before Depreciation.....		2,271,319 71
Depreciation—		
Plant and Equipment.....		791,371 59
Net Profit for Year before providing for Income and Excess Profits Taxes.....		1,479,948 12
Provision for Income and Excess Profits Taxes.....		568,131 76
Surplus for Year Ended April 30, 1941.....		\$ 911,816 36

STANDING COMMITTEE

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30, 1942

ASSETS

Current—			
Cash.....		103,495 23	
Cash—Employees' deposits for War Savings Certificates per Contra.		1,017 00	
Bills and Accounts Receivable:			
Sundry Debtors.....	3,101,765 70		
Subsidiary Companies.....	150,874 97		
		3,252,640 67	
Claims—Provincial Income Taxes.....		26,325 38	
Dominion of Canada 2nd Victory War Loan Bonds.	1,250,000 00		
Accrued Interest.....	4,700 33		
		1,254,700 33	
Inventories:			
As determined by the Management valued at the lower of cost or market:			
Raw Materials, semi-finished products and supplies.....	6,082,251 49		
Saleable Products.....	398,742 16		
		6,480,993 65	
Advance Payments on Contracts.....		290,613 58	
			11,409,785 84
Advances to Subsidiary Companies.....			1,258,038 62
Investments:			
Subsidiary Companies.....		1,062,924 01	
Other.....		16,666 00	
			1,079,590 01
Property and Equipment:			
Land, Buildings, Plant and Equipment.....		26,115,377 33	
Less: Reserve for Depreciation.....		5,392,156 87	
			20,723,220 46
Prepayments and Deferred Charges.....			106,290 71

\$34,576,925 64

The Shareholders,
 Algoma Steel Corporation, Limited,
 Sault Ste. Marie, Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited for the year ended April 30, 1942 and report that we have obtained all the information and explanations which we have required.

In our opinion, the above Balance Sheet and accompanying Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at April 30, 1942, and the result of its operations for the year ended that date, according to the best of our information and the explanations given to us, and as shown by the books of the Corporation.

Toronto, June 29, 1942.

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30, 1942

LIABILITIES

Current—			
Bank Loans—Secured—			
General Loan.....	1,886,000 00		
Special Loan, secured by Dominion of Canada Bonds.....	1,250,000 00		
		3,136,000 00	
Interest—First Mortgage Bonds—			
due May 1, 1942.....		55,850 00	
Employees' Subscriptions for War Savings Certificates per contra...		1,017 00	
Accrued Wages and Salaries.....		377,123 94	
Accounts Payable:			
Sundry Creditors.....	2,023,618 93		
Subsidiary Companies.....	328,961 39		
		2,352,580 22	
Current Liability re Plant Extension.....		980,912 09	
Unclaimed Dividends.....		805 94	
Unclaimed Interest on First Mortgage Bonds.....		3,050 00	
Provision for Income and Excess Profits Taxes.....		258,188 84	
			7,165,528 13
Deferred Liability re Plant Extension.....			3,019,087 91
Reserves:			
For Rebuilding and Relining Furnaces, etc.....		3,325,584 69	
For Contingencies.....		94,051 72	
			3,419,636 41
Funded Debt:			
First Mortgage Bonds—Series "A"			
Serial Bonds—1942-44.....		* 600,000 00	
Convertible Bonds due 1948.....		1,714,000 00	
			2,314,000 00
Capital Stock and Surplus—			
5% Cumulative Redeemable Preference Stock			
Authorized—27,000 Shares of \$100.00 par value			
Issued.....	26,390 Shares		
Less: Purchased and Redeemed.....	3,275		
Converted into Common Stock....	2,160	5,435 "	
Outstanding.....	20,955 "	2,095,500 00	
Common Stock—No par value			
Authorized— 1,000,000 Shares			
Issued — 412,700 "		10,274,500 00	
			12,370,000 00
Distributable Surplus.....		2,796,598 64	
Earned Surplus:			
As at May 1, 1941.....	3,182,404 74		
Surplus for year ended April 30, 1942.....	414,444 81		
		3,596,849 55	
Deduct: Dividends on Preference Stock.....	104,775 00		
		3,492,074 55	
			18,658,673 19
* Of this issue \$200,000.00 matures November 1, 1942.			
			<u>\$34,576,925 64</u>

NOTE.—Outstanding commitments on uncompleted Construction amount to approximately \$980,000.00.

BARROW, WADE, GUTHRIE & CO.,
Chartered Accountants

STANDING COMMITTEE

ALGOMA STEEL CORPORATION, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED APRIL 30, 1942

Profit from Operations.....		\$ 2,626,788 43
Other Income—		
Interest Earned, etc.....		70,527 73
		<u>2,697,316 16</u>
Interest—		
On Loans.....	\$ 129,061 85	
On First Mortgage Bonds.....	115,700 00	
		<u>244,761 85</u>
Profit before Depreciation.....		2,452,554 31
Depreciation—Plant and Equipment Including special depreciation for “War” plant and equipment as authorized by the War Contracts Depreciation Board.....		<u>1,790,306 92</u>
Net Profit for Year before providing for Income and Excess Profits Taxes.....		662,247 39
Provision for Income and Excess Profits Taxes.....		247,802 58
Surplus for Year ended April 30, 1942.....		<u><u>\$ 414,444 81</u></u>



ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30, 1943

ASSETS

Current—			
Cash.....		105,873 53	
Cash—Employees deposits for War Savings Certificates per contra.		354 25	
Bills and Accounts Receivable:			
Sundry Debtors.....	5,308,696 28		
Subsidiary Companies.....	2,355 62		
		<u>5,311,051 90</u>	
Inventories—			
As determined by the management valued at the lower of cost or market:			
Raw materials, semi-finished products and supplies.....	5,367,625 34		
Saleable Products.....	470,049 19		
		<u>5,837,674 53</u>	
Advance Payments on Contracts.....		86,916 35	
			<u>11,341,870 56</u>
Advances to Subsidiary Companies.....			881,767 70
Investments—			
Subsidiary Companies.....		1,065,424 01	
Other.....		20,248 98	
		<u>1,085,672 99</u>	
Property and Equipment—			
Land, Buildings, Plant and Equipment.....		26,936,606 68	
Less: Reserve for Depreciation.....		7,523,364 90	
		<u>19,413,241 78</u>	
Non-Current Inventory—Raw Materials.....			337,859 97
Prepayments and Deferred Charges.....			236,929 43

\$33,297,342 43

The Shareholders,
Algoma Steel Corporation, Limited,
Sault Ste. Marie, Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited for the year ended April 30, 1943, and report that we have obtained all the information and explanations which we have required.

Special depreciation on additional new plant has been calculated on the same basis as that allowed on new plant put into operation in the year ended April 30, 1942. Application to the War Contracts Depreciation Board in this regard is pending.

In our opinion, subject to the approval of the War Contracts Depreciation Board as to the depreciation above mentioned, the above Balance Sheet and accompanying Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at April 30, 1943, and the result of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

Toronto, Ontario, July 30, 1943.

ALCOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30, 1943

LIABILITIES			
Current—			
Bank Loan—Secured.....		1,671,000 00	
Interest—First Mortgage Bonds—due May 1, 1943.....		51,850 00	
Employees' Subscriptions for War Savings Certificates per contra..		354 25	
Accrued Wages and Salaries.....		374,628 30	
Accounts Payable and Accrued Liabilities—			
Sundry Creditors.....	1,493,381 82		
Subsidiary Companies.....	15,519 22		
		1,508,901 04	
Current Liability re Plant Extension.....		1,060,687 07	
Unclaimed Dividends.....		143 45	
Unclaimed Interest on First Mortgage Bonds.....		5,000 00	
Provision for Income and Excess Profits Taxes.....		539,303 95	
			5,211,868 06
Deferred Liability re Plant Extension.....			2,939,312 93
Reserves:			
For Rebuilding and Relining Furnaces, etc.....		3,550,239 54	
Reserve for Contingencies.....		94,055 60	
			3,644,259 14
Funded Debt:			
First Mortgage Bonds—Series "A" Serial Bonds due 1943 and 1944..		* 400,000 00	
Convertible Bonds due 1948.....		1,714,000 00	
			2,114,000 00
Capital Stock and Surplus—			
5% Cumulative Redeemable Preference Stock			
Authorized—27,000 Shares of \$100.00 par value			
Issued.....		26,390 shares	
Less: Purchased and Redeemed.....	3,435		
Converted into Common Stock.....	2,160	5,595 shares	
Outstanding.....		20,795 shares	
			2,079,500 00
Common Stock—No par value			
Authorized—1,000,000 shares			
Issued — 412,700 shares		10,274,500 00	
		12,354,000 00	
Distributable Surplus.....		2,799,363 64	
Earned Surplus:			
As at April 30, 1942.....	3,492,074 55		
Surplus for year ended April 30, 1943.....	846,803 11		
	4,338,877 66		
Deduct: Dividends on Preference Stock.....	104,375 00	4,234,502 66	19,387,866 30
* Of this issue \$200,000 matures November 1, 1943.			
			<u>\$33,297,342 43</u>

BARROW, WADE, GUTHRIE & CO.,
Chartered Accountants.

STANDING COMMITTEE

ALGOMA STEEL CORPORATION, LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED APRIL 30, 1943

Profit from Operations.....		\$ 3,817,437 32
Other Income—		
Interest Earned.....		38,985 40
		<hr/> 3,856,422 72
Interest Charges—		
On Loans.....	160,936 18	
On First Mortgage Bonds.....	107,700 00	
	<hr/>	268,636 18
Profit before Depreciation.....		<hr/> 3,587,786 54
Depreciation—Plant and Equipment including special depreciation for “War” Plant and and Equipment as authorized by the War Controls Depreciation Board.....		2,120,854 03
		<hr/> 1,466,932 51
Net Profit for the year before providing for Income and Excess Profits Taxes.....		1,466,932 51
Provision for Income and Excess Profits Taxes.....		620,129 40
		<hr/> \$ 846,803 11
Surplus for year ended April 30, 1943.....		<hr/> <hr/>

STANDING COMMITTEE

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30TH, 1944

ASSETS			
Current—			
Cash.....	\$	104,837 58	
Cash—Employees, deposits for Victory Bonds and War Savings Certificates per contra.....		26,013 00	
Bills and Accounts Receivable—			
Employees' Victory Bonds.....	\$	16,134 00	
Sundry Debtors.....		5,426,382 62	
			5,442,516 62
Inventories—			
As determined by the management valued at the lower of cost or market—			
Raw materials, semi-finished products and supplies.....		7,499,008 65	
Saleable Products.....		640,846 77	
			8,139,855 42
			\$13,713,222 62
Advances to Subsidiary Companies.....			824,340 67
Investments—			
Subsidiary Companies.....		1,065,424 01	
Other.....		24,043 98	
			1,089,467 99
* Property and Equipment—			
Land, Buildings, Plant and Equipment.....		27,519,731 82	
Less: Reserve for Depreciation.....		9,760,090 45	
			17,759,641 37
Prepayments and Deferred Charges.....			252,468 77

* Does not include any value for property acquired by lease and otherwise from His Majesty's Government.

\$33,639,141 42

THE SHAREHOLDERS,
Algoma Steel Corporation, Limited,
Sault Ste. Marie, Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited for the year ended April 30th, 1944, and report that we have received all the information and explanations which we have required.

New Plant subject to special depreciation has been depreciated on the same basis as that allowed in the two years ended April 30th, 1943. Approval by the War Contracts Depreciation Board in this regard is pending.

In our opinion, subject to the approval of the War Contracts Depreciation Board as to the depreciation above mentioned, the above Balance Sheet and accompanying Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at April 30th, 1944, and the result of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

Toronto, Ontario, September 27th, 1944.

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30TH, 1944

LIABILITIES

Current—

Bank Loan—Secured.....	\$ 290,000 00	
Bank Loan—Secured by Employees' Victory Bonds.....	15,349 53	
Employees' deposits for Victory Bonds and War Savings Certificates per contra.....	26,013 00	
Interest—First Mortgage Bonds—due May 1st, 1944.....	47,350 00	
Accrued Wages and Salaries.....	416,914 29	
Accounts Payable and Accrued Liabilities—		
Sundry Creditors.....	\$ 3,473,180 49	
Subsidiary Companies.....	479,151 69	
	<hr/>	3,952,332 09
Current Liability <i>re</i> Plant Extension.....	950,000 00	
Unclaimed Dividends.....	215 89	
Unclaimed Interest on First Mortgage Bonds.....	6,912 50	
Provision for Income and Excess Profits Taxes.....	386,088,98	
	<hr/>	\$ 6,091,176 28

Deferred Liability: *re* Plant Extension..... 1,989,312 93

Reserves—

For Rebuilding and Relining Furnaces, etc.....	3,499,553 26	
For Contingencies.....	66,983 04	
	<hr/>	3,566,536 30

Funded Debt—

First Mortgage Bonds—Series "A"		
Due November 1st, 1944.....	200,000 00	
Convertible Bonds due 1948.....	1,714,000 00	
	<hr/>	1,914,000 00

Capital Stock and Surplus—

5% Cumulative Redeemable Preference Stock		
Authorized 27,000 Shares of \$100. par value		
Issued.....	26,390 shares	
Less: Purchased and Redeemed.....	6,423 "	
Converted into Common Stock.....	2,160 8,583 "	
Outstanding.....	<hr/> 17,807 "	1,780,700 00

Common Stock—No par value
 Authorized—1,000,000 Shares
 Issued 412,700 "

10,274,500 00

12,055,200 00

Distributable Surplus..... 2,829,291 87

Earned Surplus

As at April 30th, 1943.....	4,234,502 66
Surplus for year ended April, 30th, 1944.....	1,057,796 38

5,292,299 04

Deduct: Dividends on Preference Stock..... 98,675 00

5,193,624 04

20,078,115 91

\$33,639,141 42

BARROW, WADE, GUTHRIE & CO.,
Chartered Accountants.

STANDING COMMITTEE

ALGOMA STEEL CORPORATION, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED APRIL 30TH, 1944

Profit from Operations.....		\$ 4,156,285 68
Other Income—		
Interest Earned.....		42,053 75
		<u>4,198,339 43</u>
Interest Charges—		
On Loans.....	\$ 77,829 85	
On First Mortgage Bonds.....	99,200 00	
		<u>177,029 85</u>
Profit before Depreciation.....		4,021,309 58
Depreciation—Plant and Equipment		
Including Special Depreciation for “War” Plant and Equipment as authorized by		
the War Contract Depreciation Board.....		<u>2,267,295 84</u>
Net Profit for Year before providing for Income and Excess Profits Taxes.....		1,754,013 74
Provision for Income and Excess Profits Taxes.....		<u>696,217 36</u>
Surplus for Year Ended April 30th, 1944.....		<u><u>\$ 1,057,796 38</u></u>

STANDING COMMITTEE

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30TH, 1945

ASSETS		
Current—		
Cash.....	\$ 1,790,236 44	
Cash—Employees' deposits for Victory Bonds and War Savings Certificates per contra.....	21,024 00	
Bills and Accounts Receivable—		
Employees' Victory Bonds.....	16,410 00	
Sundry Debtors.....	4,873,021 49	4,889,431 49
Inventories—		
As determined by the management valued at the lower of cost or market—		
Raw materials, semi-finished products and supplies.....	\$ 7,400,957 99	
Saleable Products.....	553,441 88	
	7,954,399 87	
Advance Payments on Contracts.....	193,499 13	8,147,899 00
Algoma Steel Corporation, Limited, First Mortgage Bonds—at par—purchased for Sinking Fund.....	25,000 00	\$ 14,873,590 93
Advances to Subsidiary Companies.....		313,646 97
Investments—		
Subsidiary Companies.....	1,065,424 01	
Other.....	28,003 98	1,093,427 99
Property and Equipment—		
Land, Buildings and Equipment.....	27,863,438 00	
Less: Reserve for Depreciation.....	10,760,738 44	17,102,699 56
Prepayments and Deferred Charges.....		231,544 13
		<u>\$33,614,909 58</u>

THE SHAREHOLDERS,
Algoma Steel Corporation, Limited,
Sault Ste. Marie, Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited, for the year ended April 30th, 1945, and report that we have received all the information and explanations which we have required.

In our opinion, the above Balance Sheet and accompanying Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the corporation's affairs as at April 30th, 1945, and the result of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

Toronto, Ontario, August 10th, 1945.

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET AS AT APRIL 30TH, 1945

LIABILITIES

Current—

Bank Loan—Secured by Employees' Victory Bonds.....	\$	16,410	00	
Employees' deposits for Victory Bonds and War Savings Certificates per contra.....		21,024	00	
Interest—First Mortgage Bonds—Due May 1, 1945.....		42,850	00	
Accrued Wages and Salaries.....		564,641	41	
Accounts Payable and Accrued Liabilities—				
Sundry Creditors.....	\$	2,704,465	09	
Subsidiary Companies.....		1,146,068	89	
				3,850,533 98
Current Liability re Plant Extension.....		500,000	00	
Unclaimed Dividends.....		233	13	
Unclaimed Interest on First Mortgage Bonds.....		10,437	50	
First Mortgage Bonds—Series "A" Sinking Fund payment due Nov. 1, 1945.....		190,500	00	
Income and Excess Profits Taxes.....		585,828	14	\$ 5,782,458 16

Deferred Liability re Plant Extension..... 1,489,312 93

Reserves—

For Rebuilding and Relining Furnaces and other Operating Reserves	3,533,896	30	
For Excess Profits Tax.....	237,719	46	
For Contingencies.....	108,879	01	3,880,494 77

Funded Debt—

First Mortgage Bonds—Series "A".....	1,714,000	00	
Less: Sinking Fund payment—Due Nov. 1, 1945 (as above).....	190,500	00	
	1,523,500	00	
Sinking Fund payment—Due 1946.....	190,500	00	
Sinking Fund payment—Due 1947.....	190,500	00	
Balance due 1948.....	1,142,500	00	1,523,500 00

Capital Stock and Surplus

5% Cumulative Redeemable Preference Stock			
Authorized 27,000 shares of \$100.00 par value			
Issued.....	26,390	Shares	
Less: Purchased and Redeemed.....	7,078		
Converted into Common Stock....	2,160	9,238	"
Outstanding.....	17,152	"	1,715,200 00
Common Stock—No par value			
Authorized—1,000,000 Shares			
Issued 412,700 "			10,274,500 00
			11,989,700 00
Distributable Surplus.....			2,831,072 62
Earned Surplus.....			6,118,371 10
			20,939,143 72

NOTE: Under the provisions of Section 6 (1) (b) of the Excess Profits Tax Act the effect of an inventory reserve has been applied in calculating the current tax liability.

\$33,614,909 58

BARROW, WADE, GUTHRIE & CO.,
Chartered Accountants.

STANDING COMMITTEE

ALGOMA STEEL CORPORATION, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED APRIL 30TH, 1945

Profit from Operations.....		\$ 3,482,796 46
Other Income—		
Interest Earned.....		19,180 18
		<hr/> 3,501,976 64
Interest Charges—		
On Loans.....	\$71,887 26	
On First Mortgage Bonds.....	90,200 00	162,087 26
		<hr/>
Profit before Depreciation.....		3,339,889 38
Depreciation—		
Plant and Equipment.....		1,055,616 53
		<hr/>
Profit for year before providing for Income and Excess Profits Taxes.....		2,284,272 85
Provision for Income and Excess Profits Taxes.....		1,172,140 79
		<hr/>
Net Profit for the Year.....		<u><u>\$ 1,112,132 06</u></u>

EARNED SURPLUS ACCOUNT

Balance at credit April 30th, 1944.....		5,193,624 04
Net Profit for the Year ended April 30th, 1945.....		1,112,132 06
		<hr/> 6,305,756 10
Deduct—		
Dividends on Preference Stock.....	87,385 00	
Appropriation for Reserve for Contingencies.....	100,000 00	187,385 00
		<hr/>
Balance at Credit April 30th, 1945.....		<u><u>\$ 6,118,371 10</u></u>

APPENDIX C

STATEMENT BY THE STEEL COMPANY OF CANADA LIMITED TO THE PARLIAMENTARY COMMITTEE ON INDUSTRIAL RELATIONS

AUGUST 5, 1946

INDEX

- Section No. 1.—Introduction.
- Section No. 2.—Financial Figures.
- Section No. 3.—Steel Prices.
- Section No. 4.—National Standard.
- Section No. 5.—The Establishment of a National Council for the Steel Industry.
- Section No. 6.—Hours of Work.
- Section No. 7.—Wages.
- Section No. 8.—Union Security.
- Section No. 9.—Conclusion.
- Appendix "A"—Letter from The Vice-Pres't and General Mgr. of the Canadian National Railways.
- Appendix "B"—Average Hourly Earnings, Hamilton Works, vs. Cost of Living Index (D.B.S.) September 1939-June 1946.

As an introduction to what I am about to say, I would like to remind the members of this committee that, at noon to-day, the present test of strength between the United Steelworkers of America (C.I.O.) and the people of Canada, represented by their Government, entered its twenty-third day. Up until this time, a conservative estimate of major losses in production amounts to over 85,000 tons of pig iron, somewhat over 100,000 tons of steel ingots and thousands of tons of coke. The loss in pig iron and steel production is not only having a serious and increasing effect upon industry and employment generally but is interfering with the delivery of materials vital to the comfort and well-being of the people of Canada.

Shortly before the strike the Government embarked upon an extensive scheme for maximum production of the facilities required for the substitution of fuel oil for coal as domestic fuel in order to partially offset the effects of strikes by coal miners and seamen. In order to be of any advantage, it was vital that this program be largely completed by the coming Autumn. Due to interruption in deliveries of plates for storage tanks, sheets and pipe scheduled for delivery to fabricators of such equipment in July and August, this program will be seriously curtailed and delayed. In the same way, shortages of nails, plumbing supplies, cooking stoves, refrigerators and similar essential items for the housing program are being intensified. Last week, in the House of Commons, the shortage of agricultural implements for Western farmers was discussed. The Agricultural Implement Industry is affected particularly by shortages of iron and steel products. We have been approached by representatives of two implement manufacturers pressing for delivery of material already produced and

stating that if they do not secure immediate relief they will have to close down. The automobile parts manufacturers also cannot continue production unless their steel requirements are met at once. Shipbuilding, locomotive and railway car building programs are being curtailed. Each day the present blockade against shipments from our plant continues these shortages, and many others, will become more serious. Substantial tonnages of steel are ready for delivery within Hamilton Works and the amount grows daily. Production lost at the plants completely shut down cannot be made up after the strike and will result in a permanent setback in many programs vital to citizens generally.

The conditions in Hamilton described in my original statement remain unchanged with the single exception that the number of men who have elected to exercise their right to work, even though illegally barred by physical violence from practically every other civil right of free Canadian citizens, has increased steadily and substantially. There are many others who have signified their desire to return to work if they and their families could be assured of adequate protection. It should not be necessary to repeat this, but I consider it desirable, in order to keep the perspective straight, namely, that these men within the plant are in compliance with the law, whereas those who are striking are doing so in violation of a federal order in council and many of them are violating other laws as well. Men making their way into the plant for the first time since the strikes or attempting to return after a visit to their families have been badly beaten up. Notwithstanding this, such men have, in the majority of cases, succeeded in making their way into the plant subsequently. Intimidation of families and defacement of property continues. While there have been convictions for intimidation in Police Court, in most cases those guilty have so far escaped Scot-free. Evidence has been given in Police Court regarding weapons either carried by pickets or hidden in the grass adjacent to the picket line. One picket has been convicted on a charge of carrying a concealed weapon. A certified copy of the Court Reporter's record of this case is being filed with your Secretary as an exhibit. The accused, who had been observed by the police in the picket line, was not an employee of the Company. He was wearing an Army uniform, which he had no right to wear at the time, and was carrying a washing machine wringer roller in his tunic. During the evidence in this case a Police Constable testified as follows:—

I might state, Your Worship, since the strike has been on, at night-time Detective McGee and other officers have collected this array of clubs found on the outside of the wall, along the fence, and dropped in the vicinity. Several men were chased one night and they were chased between houses and those clubs were found after the chase which they apparently threw or dropped. This one has a washer on the end, this one is loaded on the end and this is part of a shovel or a pick, and this is a piece of hickory with something inserted in the end.

Ten days ago, after the Hamilton Police Force had cleared the way for a Canadian National Railway train to enter the Company's premises in performance of the railway's responsibilities as a common carrier, the train failed to arrive because the crew were afraid of injury if they performed their duty. A copy of a letter from the Vice-President and General Manager, Canadian National Railways, Central Region, covering this incident, which I will now read, is appended. Since plant operations can be maintained without rail movement in or out of the plant for some time to come, no further attempt at such movements has been made in view of the attendant risks which would be incurred by railroad employees. On the bay, following unhindered lawlessness on land, a high-speed Union picket boat has subjected employees in a motor launch to risk of drowning by cutting across the bow at high speed. Highly inflammatory speeches are being made at the plant gates. In one of them on

Friday night, it was openly threatened that company launches would be sunk. In the same speech it was stated that this is not a strike but war and that war methods will be used by the Union.

These few incidents should serve to highlight the way in which the strike is being conducted by the Union and the resultant situation in Hamilton with respect to the observance of law and order. It is abundantly clear that, in attempting to gain their ends, the Union is acting in utter contempt of the law. Deputy Mayor and Vice-Chairman of the Board of Control, Nora Frances Henderson, of Hamilton, is quoted in the *Globe and Mail* of Friday, August 2, as follows:—

Lawlessness prevails in Hamilton at present and it should not be allowed to continue.

She is further quoted in the *Spectator* of the same date as follows:—

I feel that it is a shocking condition when peaceful passage is not permitted in and out of a place of work. The City Council, to demonstrate the legality of peaceful passage, in and out, of any party, should offer to lead any employees out of their besieged plant. I would be perfectly willing to be one of them.

I don't say this because I am out of sympathy with every legal right of men and women workers to obtain better working conditions. But they are hitting at the very roots of their democratic rights and securities, which have gained them all they have to-day, when they substitute mob rule for those democratic procedures.

This form of picketing is illegal. Peaceful picketing is perfectly legal and I approve of it, but not intimidation and threats of violence.

It should not be necessary to emphasize the serious nature of the precedent being established and that there should not be two codes with respect to observance of the law—one for labour unions and one for other classes of citizens.

Within the plant there is literally a blockaded city numbering hundreds of men, with the number growing daily,—besieged contrary to Canadian law merely because of their determination to uphold that most fundamental right of any free man—namely, to work for a lawful living for himself and his family without interference. This determination is not diminishing—on the contrary, it remains firm. The courage that these men have demonstrated merits the utmost consideration and support from the Government. Food and other living conditions are as satisfactory as it is possible to make them. Many social amenities are functioning satisfactorily, such as barber shops, sports, community entertainment and so forth. Production by most departments, which have operated without an interruption, has increased since the first week of the strike. Other units, temporarily shut down, have been placed in operation again, the last being a blast furnace, which will restore daily pig iron production within a few days to the pre-strike level. This additional molten pig iron will have an immediate favourable effect on steel ingot output. The continuous and increasing production which has been maintained since the strike was called as the result of the loyalty and determination of such a large number of employees provides incontrovertible evidence of the strong dislike of a large proportion of our employees for the United Steelworkers of America and the strike called by them.

FINANCIAL FIGURES

In the brief presented by the United Steelworkers of America (C.I.O.) July 23, 1946, much space is devoted to the financial position of The Steel Company of Canada. Broadly speaking, the evidence presented appears to fall into the following principal categories:

- (1) To show that the Company has had a continuous and healthy growth since its formation.

- (2) To show that the Company is in a sound financial condition.
- (3) To show that the Company has made profits before the war and during the war.
- (4) To show that the Company's published financial statements and profit figures are inaccurate.

With regard to the first and second, there is no argument. A company which is not consistently financially sound and does not grow to meet the increasing demands of the country is a poor asset to any community. No company can remain financially sound very long unless it heeds the relationship between prices and costs and refrains from drawing on its accumulated savings in order to pay wages or other costs. Financial strength is necessary in order to be in a position to keep abreast of technical developments in the modernization of equipment and unless a company's stability is assured by sound administration it would find itself not in a position to borrow for expansion should that be necessary. It is the financial soundness of this Company that has made its growth possible. Machinery and equipment required to make steel cheaply and in competitive quality is exceedingly expensive. This Company has consistently retained a portion of its profits in order to make its expansion possible. It is unquestionable that this policy has been in the best interests of employees, shareholders and consumers and a continuance of this policy will be to the advantage of all concerned.

Coming to the third category, under present-day methods, steel can only be produced economically and efficiently in large tonnages. The production of steel is not something which can be carried out with improvised and makeshift tools. It is essential, therefore, that the amounts of capital employed and all other sums of money involved be large if a company is to be successful and efficient in the steel industry. It is not a matter of whether or not these figures, including profits, are large, but, in the case of profits, whether the return on the investment is reasonable. That this is the case is demonstrated by the fact that total net earnings on the capital employed in The Steel Company of Canada for many years have averaged approximately 7 per cent while the proportion paid out to shareholders as dividends has been approximately $4\frac{1}{2}$ per cent. It is pertinent at this point to put into the record that the net total number of shareholders in the Company is 8,217, only approximately a thousand less than the total number of employees of the Company, and that the average holding is 88 shares each.

With regard to the fourth category, since much of the evidence submitted is inaccurate, distorted and interspersed with questionable conclusions, some comments regarding a few instances are desirable in order to demonstrate the general character of the evidence submitted to you.

In Appendix E, page 48, the following statement is made:—

In 1942, a wholly-owned subsidiary, Ontario Forgings, Limited, was organized to design, equip and operate an entirely new plant on behalf of the Department of Munitions and Supply. The plant produced shell forgings. The entire cost of the construction of this plant was assumed by the Dominion Government, which owns the plant. This was a profitable bargain for Stelco and its shareholders. The Dominion assumed the total cost of construction of the plant, and the Company assumed all the profit on its operation.

The facts are that early in the war The Steel Company of Canada offered its facilities and the experience and knowledge of its organization to the Government in connection with the production of shell forgings should it be deemed necessary to expand the production of such ammunition. Subsequently, the Department of Munitions and Supply accepted this offer and the Company voluntarily, at the outset of the negotiations, undertook to design, build and

operate a shell forging plant with no profit to the Company whatsoever. As a result, Ontario Forgings Limited was incorporated as a wholly-owned subsidiary for this purpose. The Government provided the plant which was designed and built under the supervision of the Company without fee, and the Company provided the working capital required for the operation without interest. No executive officer of Ontario Forgings Limited received a cent of compensation from that company and no charge was made for general supervision, accounting, purchasing and similar services carried out by regular officials of The Steel Company. The only amounts for wages and salaries charged into shell forging costs were those of employees engaged solely in this operation.

This forging subsidiary produced a total of 5,379,377 forgings, weighing approximately 309,000 tons, during the war. It established an enviable record for dependability, quality and co-operation with all branches of the Department of Munitions and Supply. Its costs were lower and prices were below prices charged by others for similar forgings. It is in the process of being wound up and then final Government audits are completed, the entire profit remaining from the operation will be returned to the Government. Reference to the annual reports of The Steel Company of Canada during the existence of this subsidiary will show that no profit from it was taken into the consolidated accounts of the Company and there is not the slightest foundation in fact for the claim that this operation, undertaken voluntarily in support of the war effort, was "a profitable bargain for Stelco and its shareholders".

Depreciation: The section of the brief dealing with this subject contains a series of misstatements and implications of improper practices. There is no duplication of write-offs involved in relining reserves and depreciation reserves. Charges into costs for relining reserves are in accordance with average practice in the industry and depreciation rates are calculated in a manner and at rates approved and accepted as reasonable by the shareholders' auditors and the Department of National Revenue.

Page 50—Surplus Account It is charged that a reserve for betterments and replacements, a reserve for fire insurance and a reserve for contingencies aggregating approximately two and a half million dollars are unjustified since they have remained unchanged since 1935. One might as well argue that since he has carried accident insurance or fire insurance for several years and has experienced no need to file a claim there is no longer any use in carrying such protection.

Page 51—Earnings Per Share.—Figures are given showing earnings per share of ordinary stock for the Company. The relating of earnings to original share capital established thirty-six years ago is utterly misleading as it leaves entirely out of account earnings not paid out to the shareholders but left with the management of a Company to increase the investment in the business. Had the shareholders taken the total profits of the Company out in dividends each year, the Company would undoubtedly have disappeared from the industrial scene some time ago. The consistent reinvestment of a substantial proportion of its earnings has enabled the Company periodically to increase its capacity to the point required to meet competitive conditions. From a factual standpoint, these figures on earnings per share are incorrect and misleading since, in arriving at them, no consideration is given to the fact that each share of preferred stock shares equally with the common stock in earnings. The correct gauge of the earnings and dividends of a Company is the relationship to total investment, that is to say, the sum of the original investment and additional capital added to the business. On this basis the earnings of our Company have been moderate.

Book Value of Stock.—On pages 51 and 52, the book value of preference shares at the end of 1944 is given as \$198.56, and ordinary shares as \$98.04. The extent of the inaccuracy in these figures will be made apparent by comparing the value so stated with the actual book value of all shares outstanding at that time.

Book value in accordance with the Union brief—

259,852 Preference Shares @ \$198.56.....	\$51,596,213
460,000 Common Shares @ \$ 98.04.....	45,098,400
Total	<u>\$96,694,613</u>

Actual book value of all shares outstanding is:—

Capital Stock	\$17,996,300
Surplus	30,819,942
Other Reserves	2,588,673
Total	<u>\$51,404,915</u>
Difference	<u><u>\$45,289,698</u></u>

Throughout the brief there are frequent references to allegedly hidden surpluses and buried profits. These are typical of propaganda employed by certain unions in attacking reputable companies. I repeat that the profits shown in our published statements are those earned in the ordinary course of business and have been certified by the shareholders' auditors, a responsible and highly reputable firm of chartered accountants.

Near the bottom of page 52 there is a reference to a reduction in excess profits tax and, in that connection, this Company has not been in the maximum tax bracket for the past two years.

The financial section of the Union's brief brings out the difference in financial strength and earning record of the three companies discussed and emphasizes the fact that one was in receipt of very substantial subsidies from the Dominion Government. Notwithstanding this wide difference pointed out by them, the conclusion in respect of each seems to be the same—namely, that the companies can all pay the wages demanded. It appears that the Union is asking you to disregard financial and economic realities. Apparently, its position is that if a Company cannot pay its demands it should be incumbent upon the Government to make up the difference required at the expense of the tax-payers.

These typical examples of inaccuracy and misrepresentation which I have given you will give you a good idea of how much credence can be placed upon the comments made regarding the finances of the Company.

STEEL PRICES

There has been a great deal of testimony and discussion about the price increase granted the steel industry by the Wartime Prices and Trade Board effective April 1 which I may be able to clarify. As has been stated all heavy steel prices were willingly pegged by the industry at levels existing in September, 1939. By the winter of 1941-1942 some steel companies were in such financial straits as a result of wage advances and other cost increases which had taken place by that time that a schedule of permissive price increases, ranging from \$3 to \$5 a ton, was authorized by the Steel Controller on February 14, 1942. These advances were immediately put into effect by our competitors whereas, in the case of our Company, they were taken advantage of only in connection with products on which costs had risen to an unsatisfactory level and on the large proportion of our products no increases were made. This policy was adopted by us to maintain stability in the national economy in preference to

increasing prices of products which, at the time, were showing satisfactory profits. Special assistance was also afforded to competitors in the way of a second advance of \$5 a gross ton in the price of rails which we do not produce and for one competitor special prices for ship plates were allowed which were substantially above those charged by us for the same material. Later on, when further cost increases made it advisable that we should take advantage of the increases afforded our competitors, we were refused the necessary authority by the Wartime Prices and Trade Board. As a result from February, 1942 until April 1, 1945, this Company sold much of its tonnage at prices \$5 a ton below the prices being charged by competitors.

Following the close of the war the character of our business changed materially due to the elimination of high-grade specialties required for the war effort and, besides, the continually mounting costs were seriously affecting the Company's profits. At the beginning of this year, approximately two-thirds of the Company's sales were still being made at 1939 prices and I emphasize that it has received no subsidy of any kind to enable the sale of its products at ceiling prices.

By January of this year the existing situation and prospects for the future made it imperative that if the Company's financial position was to be maintained, price advances were essential. In support of our application, all data and information required by the Wartime Prices and Trade Board to appraise the justice of our application were willingly supplied and were carefully considered and examined by them. While the Company suggested a schedule of justifiable price increases on various products, the Wartime Prices and Trade Board in some instances varied the advances recommended by us, some upwards and some downwards.

In connection with our submission to the Board, we were required to exhibit in detail increases in our costs since the outbreak of the war. We were also required to file a schedule of increases in costs with which we would be faced during the calendar year, estimated to the best of our ability. It was in connection with this estimated schedule of prospective cost increases that the estimated allowance for an advance in wages and salaries, which has caused so much discussion, was included. I might also add that, since that estimate was made, there has been an advance in the price of coal considerably in excess of our estimate due to wage advances granted to coal miners, and there have been actual increases in rail freight not included, with further advances anticipated in the near future.

Possibly I can summarize the situation with which the Company was confronted best by stating that the net profit per ton ingots finished during 1945 was less than half the average of the four pre-war years and, in fact, was less than the profit realized in any year during the past twenty-three with the exception of the depression years, 1931, 1932 and 1933, notwithstanding the fact that 1945 production was over double that of 1939 and, in the interval, over \$25,000,000 had been invested in additional plant to increase production and improve efficiency. Over \$20,000,000 of this sum was provided by the Company from its own resources without the assistance of Government loans. During the first quarter of this year, the downward trend in profits continued progressively.

The Union has questioned the fact that the Company was able to finance this expansion without recourse to outside borrowing and has suggested that there is something improper in its ability to do so. As a matter of fact the funds were available because of prior years' depreciation provisions and the established policy of the Company of setting aside a portion of each year's earnings to finance future expansion and improvement. It is submitted that this policy has benefited not only shareholders but also employees and citizens generally by virtue of increased employment and production thus made possible.

Speaking in general terms, the price policy followed by the Company has been to charge the lowest prices consistent with wages and salaries as good or better than the going rate, a reasonable return to the shareholders, and financial stability for the Company through good times and bad. It believes firmly in the policy that fair and reasonable prices are best in the long run for the Company and its employees and, of course, for customers and consumers generally. If costs and prices are forced beyond the ability of consumers to pay, the inevitable result will be reduced consumption and employment on the one hand, and deprivation of goods people want and require but cannot afford to buy on the other hand. Under such conditions, excessively high hourly rates of wages affecting costs are not only harmful to employees but are an actual detriment to the prosperity of the country.

NATIONAL STANDARD

In addition to the reasons clearly set forth in my written statement to the Committee made July 22 as to why such an arrangement would be unsuccessful—namely, geographical locations, differences in products, variations in character and sources of raw materials with corresponding variations in steel-making processes followed, as well as differences in costs of delivery of finished products to consumers, which have been borne out by the testimony of the other two companies—there are other important considerations.

We have already stated that our employees have been consistently better off than those of the other two companies, and there is no reason why the destiny of our employees should be linked with that of employees of any other company. There is no reason why they should be limited to conditions determined by local situations prevailing elsewhere in the country and determined by the fortunes of other companies. Our Hamilton situation differs from that of the other two companies in a most important respect—namely, that a very large proportion of our employees are out of sympathy with this strike and are in our plant working in conformity with the Government's order in council. This condition alone, which must be taken into consideration in any strike settlement, is sufficient to put the Hamilton Works' situation in a different category from the others.

I have been very close to this picture and regard the attempt to group the primary steel industry under one agreement, or under individual agreements which are identical and expire at the same date, as more of a move for power and to create a political situation than a labour dispute. If this opinion is correct, it will be obvious that our striking employees are being used as pawns or cats-paws in a political movement regardless of their individual or collective welfare.

We have been following the processes laid down by the government for conciliation of industrial disputes and, at the present time, there is a Board of Conciliation in existence which stands adjourned pending wage negotiations and which has only issued an interim report. Mr. Justice Roach has also considered the matter as a Commissioner under P.C. 4020 and has filed his finding with this committee. Both found it impossible to resolve the difficulties due to the unyielding attitude of the union and their insistence that if they did not secure their demands in toto they would strike. On the other hand, we conceded one demand in full—namely, that pertaining to vacations—and have offered to meet the wage demand more than half way. Now we have a third body—namely, this committee—also attempting to reach a solution.

It is entirely appropriate to suggest that it is time that the term "collective bargaining" be defined. Does it imply sitting down together like reasonable men and attempting to compose differing views or does it imply adamantly standing on a series of unreasonable demands backed up by strikes which disrupt the entire economy of the country? It is fairly obvious that the Union expects,

through government intervention, with this committee as a medium, to exact more than it could otherwise reasonably get through the normal collective bargaining processes provided by the Canadian Government for the solution of labour disputes.

I am firmly of the opinion that any settlement reached by The Steel Company of Canada should be based upon its own circumstances and conditions and that any attempt to reach a settlement dictated or affected by conditions prevailing elsewhere will only result in further confusing a situation which is already sufficiently difficult.

THE ESTABLISHMENT OF A NATIONAL COUNCIL FOR THE STEEL INDUSTRY

The union has suggested a National Council for the steel industry, to include representatives of labour, management and the public. It gives as reasons for this proposal the need to insure fullest possible development of iron and steel-making capacity in Canada, the need to develop domestic and export markets, and the need to plan the development of our own raw materials as part of the Canadian iron and steel industry. It is difficult to see wherein such a committee is necessary or even likely to further these admittedly desirable ends to any extent. Our Provincial and Federal governments already have departments covering the suggested fields fully.

We have the Department of Trade and Commerce, responsible for domestic and foreign business. Much of the good work they have accomplished in developing export markets and promoting export business will be done a lasting injury if current strikes and work stoppages continue. Thanks to the fact that controls were applied more courageously and effectively in Canada during the war, we emerged from it in excellent condition to compete in the world's markets. If we are now going to allow our costs and prices to soar during this transition period, we will throw away this advantage which would assist so much in bringing about full employment. Keeping our prices competitive is the essential requirement for export business in manufactured goods, and keeping them at levels which will enable our producers of agricultural and natural products for export to buy manufactured products in maximum volume is similarly necessary to promote domestic prosperity.

We have Provincial and Federal departments whose responsibilities are the development of mines and natural resources. Large sums of money have been and are being spent in prospecting in Canada and potential iron ore developments have been given their share of attention. Just as rapidly as iron ore deposits, which can be mined economically, are uncovered, they will be opened up without question. Within recent years three iron ore producers have come into operation North of Lake Superior. Large areas in Ontario have been systematically covered by magnetic surveys. Substantial expenditures are being made for exploration in Labrador and Northern Quebec. Before the war the province of Ontario paid a substantial bounty on iron ore mined in the province under certain conditions. Unless Canadian iron ore can be mined and delivered to Canadian steel producers at lower costs than competing ore, its production will not improve the competitive position of the Canadian steel industry as related to the rest of the world. This is not a denial of the fact that every effort should be made to develop any iron ore deposits which may exist in Canada and, furthermore, as already stated, this is being done.

In the field of labour relations, we have ample machinery provided by the Provincial and Federal governments for the mediation of labour disputes. What is needed is that it be made use of and be made effective. So much has been said since this dispute started that it may be forgotten that, in the early stages, one of the Union's statements was that it did not propose to be bound

by government wage control orders or be subject to the authority of the Regional and National War Labour Boards. Further overlapping bodies dealing with labour problems would only complicate the present situation in our judgment. We feel, on the contrary, the sooner it is possible to restore jurisdiction over labour problems to the Provincial governments, from which it was removed as a war measure, the better for all concerned.

With respect to the comments on fullest possible development of iron and steel capacity in Canada, figures will show that Canada's dependence on foreign sources of steel has declined continuously since the First Great War. At the present time, the output of steel in Canada is more than double any pre-war peak. It should not be overlooked that the available steel capacity in Canada was only occupied to the extent of approximately 50 per cent of its capacity during the years between the two world wars. Considering the limited population and market, the Canadian steel industry has shown great courage and initiative in the very large expenditures it has made to meet the needs of the country with Canadian-made steel.

Finally, if such a Committee as that suggested is to be established under government auspices in the steel industry, where will the example thus established stop? It is important, in making a first step, to attempt to foresee what the succeeding steps which will unavoidably follow will be. Will we have such committees for all industries in Canada? If so, who will be responsible for their co-ordination and relationship? Where would suitable and competent representatives of the public be found to sit on all these committees? The cost of administration etc. would be substantial and would constitute another burden on the tax-payer.

If we understand the purposes intended, we fail to see how such a Committee as that suggested could make a worth-while contribution to the Iron and Steel Industry in Canada.

HOURS OF WORK

The Union's original demand was for a 40-hour week. We now understand this has been modified to a 44-hour week to become effective April 1, 1947.

As we pointed out in our previous statement, the 40-hour week originally demanded would actually reduce the weekly earnings of approximately 20 per cent of our employees, even when coupled with an increase in average hourly earnings of $19\frac{1}{2}$ cents an hour or $22\frac{1}{2}$ per cent. In the same way, a reduction from a 48-hour week to a 44-hour week, coupled with an increase of $15\frac{1}{2}$ cents per hour would reduce weekly earnings of a small percentage of our most highly-skilled employees. The reduction in the working week from 48 hours to 44 hours with a $15\frac{1}{2}$ cent increase in average hourly earnings would also result in a smaller increase in weekly pay for all employees than the Company's offer of 10 cents an hour with a 48-hour week. I repeat the very important point I raised the last time I appeared before you that it is impossible to reconcile an argument in favour of higher wage rates on the basis of weekly earnings claimed to be inadequate with a demand for reduced hours of work weekly combined with hourly wage increases which, in some cases, would reduce weekly earnings below present levels and, in every case, result in lower weekly earnings than would result from the Company's offer of 10 cents an hour and a 48-hour week. The two simply don't hang together.

Looking at the proposed 44-hour week from another angle, as you realize, several operations in the steel industry must be continuous seven days weekly. There are 168 hours in a week. A 48-hour week can be worked in six days of eight hours each with a relief man taking the seventh shift and three employees working eight hours per day will man a given job for the twenty-four hours in a day. With a 44-hour week applied to continuous operations, the work week

would be limited to $5\frac{1}{2}$ days of eight hours each and the spell hand for a given job would be required to work one and a half eight hour days on that job per week. It should be explained that spell hands relieve on more than one job so they also work a full week. There would be reluctance on the part of both regular man on the job and the spell hand to come in for a half day's work and, unquestionably, the outcome would be that in continuous operations the 48-hour working week would continue with four hours per week worked at time and a half for overtime. This would result in fifty hours' pay for 48 hours' work and another 4 per cent wage increase for men on continuous operations.

On page 16 the following statement appears:—

For the whole of the steel industry the reduction in number of hours worked weekly was 3·2 between December 1944 and March 1946. For crude, rolled and forged products the weekly decrease in the same period was 2·4 hours.

Figures are then given representing the loss in weekly earnings as a result. It would appear, therefore, that on the one hand the Union advocates conditions with respect to weekly hours of work and wages which will reduce the weekly pay of certain employees and, on the other hand, criticizes moderate reductions in weekly earnings caused by a slight decrease in hours worked per week. Insofar as Hamilton Works is concerned, average hours worked per week the first five months of 1946 were only 1·3 below the figure at the close of the year 1944.

There are certain claims made by the Union in its brief in connection with hours of work which should be touched upon before leaving this subject. There are references to long hours and low wages and it is stated that men will not undertake such long exhausting disagreeable work. Surely the figures given you regarding long continuous service by our employees disprove this extravagant claim. Figures comparing wages paid by us with average wages in manufacturing already given you contradict the claim that our wages are low. At another point it is stated that a work week of six full eight-hour days out of seven is too long and too tiring. The inference is made on page 20 that, in some way, employment of additional men would improve the present situation with respect to the demand for steel, and that a situation which is "indefensible" exists. As far as Hamilton Works is concerned, the plant was fully staffed prior to the strike and all finishing departments were operating to the maximum capacity possible with existing steel supplies. In addition to rolling the full production of its own steel-making capacity, approximately 15,000 tons of steel purchased monthly from others was also being rolled into finished products in forms for which the demand to-day is abnormal.

We do not think a reduction in the maximum working week of 48 hours is logical or desirable in the steel industry. We further doubt that, if put to a vote, a majority of our employees would seriously consider reducing their present hours of work and thus reducing their earnings.

WAGES

The Union's original demand was for an increase of $19\frac{1}{2}\%$ per hour across the board which would correspond to an increase of 80 per cent in the base rate and approximately 60 per cent in average hourly earnings since the outbreak of war. This has been modified to sliding scale increases as follows:—

10¢ per hour to be effective between April 1, 1946, and October 1, 1946.

$12\frac{1}{2}\%$ per hour to be effective between October 1, 1946, and December 1, 1946.

$15\frac{1}{2}\%$ per hour to be effective from December 1, 1946, until the termination date of the proposed contract given as April 22, 1947.

A further monthly adjustment commencing in January, 1947, of one cent per hour for each point the cost of living index rises after July 1, 1946, is stipulated.

On its part, the Company has offered an advance of ten cents an hour across the board.

On page 3 of the Union submission, entitled "Reply to Certain Points Raised by Mr. Donald Gordon, Chairman W.P.T.B.", the following appears:—

Mr. Gordon states that wage increases up to 40 per cent since 1939 have placed an almost unendurable pressure on price controls. Yet 1939 was a depression year, and it has already been brought out by this Committee that wages were not at a level in 1939 that would allow that year to be used as a proper base.

This statement is inconsistent with the facts as far from being a depression year, 1939 was only slightly below 1937 and was the second best business year in a decade. Total employees engaged in the manufacturing industry, index of volume of manufactured products, index of retail sales and index of employment in Canada were all less than 2 per cent below 1937 in 1939 and the index of national income was over 4 per cent higher in 1939 than in 1937.

The Company has paid good wages which are much higher than those received by the great majority of employees in industry as shown by the data given in our previous statement. Based on average hourly earnings at the plant of the Algoma Steel Company as given in the report to the Minister of Labour by The Honourable Mr. Justice Roach, average hourly earnings at Hamilton Works were 9½ cents higher than at Algoma during the year 1939 and, during the years 1940 to 1944 inclusive, Hamilton Works' average hourly earnings were higher than those at the Soo by figures varying between 9½ cents and 12 cents per hour, although the 1945 Stelco differential above the Soo was somewhat less due to wage control orders already referred to in our previous statement.

There has been some discussion before the Committee hinging upon so-called ability to pay. If this principle were accepted, where does ability to pay cease? In one of its statements the Union makes the statement that it has no reason to believe that Stelco has been "squeezed" anywhere near the limit. Is the limit reached when there are no more profits left or is this idea to be carried to such a point that resultant deficits are to be made up by the taxpayers, and, if the latter practice should become general, from whom would the taxes be collected? There is only one source and that is the general public. Moreover, if this principle of ability to pay is to be accepted while profits are increasing due to rising business activity, will it be applied in reverse when profits decrease due to a decline in general business conditions beyond the control of managers of industry? If this principle is to be accepted, does it mean that a prosperous, well-conducted business employing efficient machinery and equipment is to be expected to pay out all the returns from such management in wages and, if so, what would become of the incentive to invest money in improved machinery and equipment? The record of our Company will demonstrate that, for many years, it has made a practice of sharing the results of improved productivity resultant from heavy investments in plant with its employees, but this process cannot be carried to such a point that it becomes confiscation rather than sharing.

There has also been considerable discussion in the evidence of the 15 cents per hour award in the British Columbia lumber industry. Testimony has been given that it is only possible for that industry to carry present costs as a result of heavy exports at prices substantially higher than those available from the domestic market and that foreign buyers are commencing to object to the prices charged. What is going to happen when supplies of lumber become available from other countries and the volume of Canadian exports decreases? It is apparent that when that time comes, if the industry is to remain solvent, domestic prices will have to increase. Moreover, there is no analogy whatever between working conditions in logging in British Columbia and in steel-making at Hamilton. It is a simple fact that wages depend on many conditions—such

as, the type of industry, character of work, continuity of employment, competitive situations, cost of living in different communities, cost of assembly of raw materials, cost of delivery of finished product to customers and numerous other factors. An important distinction at the present time between the lumber industry and the steel industry, in so far as The Steel Company of Canada is concerned is that a very substantial proportion of the output of the lumber industry is being exported at much higher prices than are obtainable under domestic price ceilings. On the contrary, in our case, due to our efforts to support the domestic economy, only approximately 1 per cent of our total sales are being made in export markets although we, too, could net substantially higher prices from export business than allowable under domestic price ceilings. Our present export sales are only token shipments made to keep our toe inside the door of pre-war foreign markets.

From a strictly practical standpoint, there are many important differences between the lumber industry and the steel industry. Woods operations are not continuous and nine to ten months' work a year, even under active business conditions, is all the employment loggers can hope for. Saw mills might run an additional month at the best. On the other hand, production of steel is continuous twelve months a year. A very large number of loggers and, in some cases, saw mill operators, are away from their families and homes while they are working, and particularly under present conditions, wages substantially higher than obtainable elsewhere are required to attract men to such work. For work in the woods young men with specialized skill and agility are generally necessary. Accident rates are extremely high. The Workmen's Compensation rate for logging is, I understand, 9 to 10 per cent of the payroll and, for saw mill operations, approximately $4\frac{1}{2}$ per cent compared with our rate in Ontario for steel mills of 1.75 per cent. Logging involves hazardous, heavy hand labour exposed to the elements summer and winter. On the other hand, mechanical aids in the steel industry have practically eliminated the heavy manual labour which was common in the early days of the industry.

Mr. Millard, in his preliminary statement, quoted from his letter of July 1 to the Deputy Minister of Labour as follows, referring to the wage settlement in the B.C. lumber industry:—

I was informed yesterday that you have advised representatives of the United Rubber Workers to accept Judge Cameron's recommendations and that you indicated our Union was likely to accept the 10 cent offer. There must be some misunderstanding about the matter. I must again make it clear that there is not the slightest possibility of our Union accepting anything less than the Sloan settlement in regard to wages and hours and the Rand Formula in regard to union security.

Subsequently, Mr. Millard appears to have changed his views that an increase granted in one industry should set the pattern for another, judging from the extract from the account of last Thursday's proceedings in *The Hamilton* of Thursday, August 1:—

The Union also took issue with Mr. Gordon's contention that the steel increase would become general. There was no uniformity in the Canadian wage structure and a wage increase which was fair and reasonable for steel might not apply to other industries which had different labour costs and profit positions.

The offer of 10 cents an hour increase across the board made by the Company which is an advance of 15 per cent in the base rate, in addition to increase during the war, cannot be considered as anything but fair and generous. It will result in a total increase of 60 per cent in the base rate since September 1939. It is the highest single increase in hourly wage rates within my memory. Every

business must endeavour to produce at a cost which will result in maximum consumption of its products; otherwise, labour will defeat what should be its prime objective—namely, continuous employment and maximum annual earnings. Labour has everything to gain by assisting in the control of costs and prices in order to promote both volume of employment and purchasing power.

Mr. Gordon stated that wages represent approximately one-third of average sales value. I think he must have had in mind individual businesses because, in the production of fully finished steel goods, the aggregate wage content from raw material in the ground to the finished article in the hands of customers greatly exceeds this proportion.

With respect to tying wages to the cost of living, the proposal made is that for each rise of one point in the cost of living index, wages should increase by one cent per hour. This is equivalent to 40 cents per week for a 40-hour week, originally demanded by the Union, and 44 cents per week for a 44-hour week, now being demanded. On the other hand, when the Government ordered that cost of living bonuses be paid, the amount established was 25 cents per week maximum for each point so that, even if this principle is accepted as sound, with which we do not agree, apparently a further wage advance is being sought through an increase over the amount considered adequate by the Government to compensate for a one-point advance in the index. As far as the principle involved is concerned, if such adjustment is proper during a period of rising cost of living, it should work the other way also, but Mr. Millard is said in press reports to have avoided any commitment on this score. We believe in fair treatment to our employees and would not stand by and see their standard of living reduced by material advances in the cost of living if conditions remain under control. If there should be serious inflation, no one is in a position to give any assurance as to what would be possible under such circumstances. If the principle of automatic upward adjustment of all wages with cost of living index increases were to be applied wholesale at the present time, it would place severe corresponding automatic pressure upon prices and bring about the upward spiral all thinking people are attempting to prevent until present shortages are overcome and the natural forces of competition once more take control of our price structure.

The Union claims the cost of living index has risen $5\frac{1}{2}$ points between April 1 and the present time. While official figures are not available, this may be so and if it is correct the index would now stand at 126.3, an increase of 25.3% since the outbreak of war. In order to make the comparison clear, I repeat that the 10 cents offered by the Company would result in an increase of 60 per cent in the basic wage rate at Hamilton Works and 50 per cent in average hourly earnings for all payroll employees during the same period. The attached diagram shows clearly and graphically the relationship which has existed between percentage increases in average hourly earnings each month and the corresponding percentage increase in the cost of living index since the outbreak of war. While the increase in the cost of living was slightly above the increase in earnings at certain times during the early months of the war, on the contrary since January 1943 increases in earnings have been consistently higher than the increase in the cost of living by a substantial margin.

There has been reference in the testimony to the effect of productivity related to wages. It is possibly not realized that this factor is automatically taken care of in the steel industry as most production employees are paid in part or wholly on a tonnage scale based on output. Consequently, as productivity increases, earnings advance also. The heavy expenditures continually made by the Company for improved equipment are making increased productivity per man possible while, at the same time, the required physical effort on the part of employees is steadily decreasing. We do not argue that labour is not entitled to a share of the benefit from these improvements. Our history of rising wages,

shorter hours and improved working conditions proves this statement amply. We do insist, however, that those investing the money to make this improvement possible are also entitled to a fair return on their added investment.

The proposal that the Company commit itself at this time to an advance of 5½ cents an hour to be effective December 1 over and above the 10 cent offer already made is unreasonable and excessive. It cannot be justified by the increase in cost of living index as has been shown. Moreover, from a business standpoint we are going through a period in which it is impossible to make any definite predictions very far in advance. Consumption of steel in Canada is at a level very much higher than any peak ever experienced pre-war. Much of the present volume is due to shipbuilding, rehabilitation of war-ravaged countries, exports of locomotives and railway cars and shipments of manufactured products to other than historical markets. A substantial proportion of this business is being financed by Government credits. We have no assurance that much of it will be continuing. Any change of importance in the rate of steel production would result immediately in higher costs due to the necessity of carrying heavy fixed overhead charges with reduced tonnage. There is no question but that similar conditions affect many of those who sell us supplies and raw materials and it is far from impossible that we may be forced to absorb still higher prices for many of the things we buy. The advance of 10 cents an hour which has been offered is an eminently fair proposal. Any employer can only go as far in wage advances as the cloth he has available to cut will permit.

Before concluding on the subject of wages, it is not inappropriate to point out that it is highly probable that the effect of the substantial wage advances granted since the outbreak of war has been obscured by the effect of deductions for income tax and war bond instalments from pay cheques. The employees of Hamilton Works have given splendid support to the various bond subscriptions during the war and in connection with the later loan drives deductions from the total payroll for this purpose ran as high as 15 per cent of the gross payroll and income tax deductions have been as high as 10 per cent. The former deductions, of course, represent savings, whereas the latter have been an unavoidable impact of the cost of conducting the war. The deductions for the last government loan will be complete in approximately three months which will, in the case of our employees, have a decided effect on the amount of the average pay cheque. With regard to income tax deductions, economy on the part of the Government and scaling down the burden of taxation will, in my opinion, have an important effect on the pressure to increase wages.

UNION SECURITY

As I have previously testified, the Management of The Steel Company of Canada has no objection to unions as such or to the right of men to band together to improve their lot or secure redress of grievances by lawful means. As a matter of fact, in the presence of grievances of sufficient weight or a general sense of injustice, men will organize into a group of some kind spontaneously and no one would wish to deny them that privilege. They have this right under our laws, and it is a proper one. However, the many facts which have been disclosed to you will bear out the statement that these conditions have never prevailed at our Hamilton Works. In my previous statement to the Committee I enumerated many valid objections to so-called union security insofar as application to Hamilton Works is concerned. They included unsatisfactory experience by us and by other steel companies with the United Steelworkers of America where union security prevails; the fact that any form of union security which may be granted now will be just an opening wedge toward the closed shop; and, finally, the very large number of non-union

employees we have whose opposition to the policies of the United Steelworkers of America has been demonstrated beyond all possibility of doubt by their attitude toward this strike.

Much emphasis has been placed upon the claim that measures of union security will increase union responsibility. I think most members of this Committee will agree that, in their experience, it is necessary to demonstrate responsibility quite clearly before claims for special consideration are given serious consideration and that the argument that financial security will transform irresponsibility into responsibility is putting the cart before the horse.

The claim is made that Union Security promotes better labour relations. I refer you to the remarks on that subject on page 23 of the statement I made to you July 22nd. It is implied by the Union that our relationships with our employees have been unsatisfactory. While Mr. Justice Roach's report states that he was advised that Algoma's labour relationships have been good whereas ours have been bad, we are sure His Worship must have been misinformed as all the evidence is to the contrary. As the Union has testified, in January 1943, in the midst of war, the employees of both Algoma and Dosco struck, whereas the employees of Hamilton Works continued the uninterrupted production of steel in support of our Armed Forces. Union security was in effect at the time at both Algoma and Dosco. The Union threatened to call our men out but apparently were afraid to do so, sensing that the attempt would be unsuccessful.

We are prepared to put up the record of our steel makers during the war against any in the world. From the declaration of war until V-E Day, continuous production of steel 365 days per year was maintained with the exception of five scattered shutdowns of a day each over holidays. Such a record could only be made by men not only seized with patriotism, but also in sympathy with and loyal to the Company for which they work.

The union policy of standing between an employer and employees and preventing direct dealing between the parties has been amply demonstrated in the testimony before this Committee and presents another objection to so-called union security. When the company made the 10-cent offer to its employees, local 1005 had reputedly delegated all power to deal with this offer to the Union Negotiating Committee, and the executive of the Local, as I understand it, had no power whatsoever to give consideration to and either accept or reject the offer made. It was learned from the proceedings before Mr. Justice Roach furthermore that the Union Negotiating Committee had no power to accept any offer under 15 cents an hour and any such offer as our 10-cent suggestion had to go before the National Advisory Committee of the Canadian Congress of Labour which is drawn from all across the country and the majority of whom undoubtedly know little, if anything, about the local situation upon which they presume to pass judgment. I am still convinced that, had my suggestion that our final offer of 10 cents an hour increase in wages and extension of vacations with pay been put to a vote by all the employees of Hamilton Works, the present strike would never have taken place.

I do not desire to repeat myself unduly, but a great deal has been said since I last appeared before you, and some of the statements I made at that time may have become obscured in subsequent testimony. I think, therefore, it is suitable to repeat that it seems highly incongruous for an organization which considers itself sufficiently strong to defy the laws of the country to suggest to a Committee representing the supreme power of the Government namely, the House of Parliament, that it be given still further security and power.

Much has been said in the testimony about the Rand Formula and the Union's recent proposal for settlement demands that this be included as one of the terms of settlement of the present strike. This so-called formula, first applied in settlement of the Ford strike, stipulates, in part, that every employee

of the company must contribute monthly dues to the Union, whether they belong to the Union or not, as a condition of employment. In plain English, this means a tax of \$18.00 per year, or possibly more in the future, shall be assessed upon every employee, collected by the Company, and turned over to the Union in monthly installments for the privilege of earning a living by working at Hamilton Works. The formula provides specifically that it must be collected from every employee eligible to join the Union, whether he wishes to belong to it or not, or whether he wants to pay this tax or not. He either pays or the Company must fire him, no matter how industrious conscientious or efficient he may be. This portion of the Rand formula infringes the civil right of employees to pay toward the support of an organization or not as they see fit. If this tax were imposed upon all employees of The Steel Company of Canada, the aggregate amount would be approximately \$160,000 per year. It further specifies that any employee of the Company may become a member of the Union if he so desires and that, if 25 per cent or more of the employees, after a lapse of ten months, petition for an election as to whether the Union is to continue to represent the employees, an election in which all employees are eligible to vote shall be held to settle this question. It will be assumed, possibly, that employees would be quite free to circulate such a petition and express their wishes freely and without intimidation. The evidence placed before this Committee of the lengths to which the United Steelworkers of America, Local 1005, are prepared to go in the way of intimidation to enforce their views should be ample evidence of the inaccuracy of any such assumption. When, shortly before the strike was declared, a group of our employees, out of sympathy with the United Steelworkers of America and totally opposed to the threatened strike, attempted to ward the latter off by the circulation of a petition expressing their views, the protests of the Union were loud and violent. Among other things, they stated that if the circulation of this petition, with which the Company had nothing to do, were not suppressed immediately, they would call a strike at once. I am sure you will agree that this course of action is not indicative of any feeling on the part of the Union that it had majority support among our employees on the very serious question of whether a strike should be called. That Mr. Justice Rand had no idea that his solution of the check-off problem in connection with the Ford strike would be generally applicable is proven by the following quotation from his decision as an arbitrator:—

I should perhaps add that I do not for a moment suggest that this is a device of general applicability. Its object is primarily to enable the Union to function properly. In other cases it might defeat that object by lessening the necessity for self-development. *In dealing with each labour situation we must pay regard to its special features and circumstances.*

The fact that this formula goes far beyond the reasonable expectation of the union is also borne out by the following extract from *Hansard*, November 22, 1945. Commencing at page 2439, Mr. Clarence Gillis, M.P., discussed Union Security. The following is quoted from his remarks on that occasion:—

Many people talk very loosely about Union Security. All the collective security that I want is a collective bargaining act in the province in which you are attempting to establish Union Security. Second, if a majority of the workers are satisfied with a certain union, the collective bargaining machinery in the province should make it mandatory that there be a revocable check-off set up. I do not want to harness anyone in an organization without the right of backing out if he so desires. If a union has a check-off on a voluntary basis, where the member places his card in the office with the right to pull out that card if he so desires,

that is all the union security that I think is necessary. If an organization set up for the purpose of bargaining collectively with the employer justifies its existence, if it is doing the kind of job it should do for its membership, it should have no fear of its membership leaving the organization. That is not too much to ask. I think that is all the machinery that is necessary.

My experience, and I think it is the experience of many others, over the past thirty years, is that when you harness the membership of an organization so that they cannot back out if they so desire, there is a tendency to create a dictatorship or bureaucracy—the men are anchored and they must stay whether they like it or not. It should be clearly understood that a revocable check-off is all that is necessary. Once that is set up, an organization should be able to hold on the basis of service to its membership.

Local 1005 was certified as bargaining agent on behalf of the hourly, tonnage and piecework employees of Hamilton Works by the Ontario Labour Court, April 6, 1944, following a secret ballot supervised by the Ontario Department of Labour. In this vote the Local received the support of 55 per cent of those eligible to vote which gave them the narrow margin of 5 per cent. This vote was not an indication of membership as it was on the question of whether the employees desired representation by Local 1005. As previously pointed out, in its attempts to attract membership over a period of nearly ten years, the Union has made heavy expenditures to attempt to create a sentiment among our employees that they are not fairly treated and that they require the protection the Union claims it can give them against alleged exploitation and ill-treatment. The absence of any sound foundation for these representations have been covered in my previous statement and, in any event, the facts that we have so many employees with long service records and so many sons who have followed fathers in our employment speaks for itself. Notwithstanding all these efforts ranging from false and misleading statements conveyed in various ways to threatening employees that they had better join the Union or when it secures control they will lose their jobs, the Union has been unsuccessful in attracting a majority of our employees to membership. In the proceedings leading up to certification by the Ontario Labour Court, the record will show that the Union testified under oath that, in the Autumn of 1943, its membership in good standing was only 259 out of approximately 4,650 eligible employees. A count of membership in good standing carried out under the supervision of an official of the Department of Labour by the Registrar of the Supreme Court in Hamilton as recently as May of this year showed 2,256 members in good standing out of a total of 4,868 eligible. The Registrar has advised me that in his check the Union submitted what were reputed to be membership cards in the names of individuals who did not appear on our payroll. There were also numerous cards on which the signatures, after comparison with our employment records, were obviously forgeries. Furthermore, the Registrar accepted the Union's statement as to whether or not dues had actually been paid, whereas a thorough check and audit would have required examination of the Union's books to check whether such dues were actually paid, which was not done. I note that the Union has filed copies of their audited financial statement for the period July 1 to December 31, 1945. I suggest that, as an index of regular dues-paying members during that period, the Secretary of the Committee be instructed to divide the total dues shown as paid to Local 1005 by \$6.00, which is the total amount of dues a member in good standing should have paid during that period, and insert the result at this point in the record. It should be pointed out, to prevent confusion, that monthly dues were recently increased from \$1.00 to \$1.50. Even the fact that the Union could only allege approximately 3,100 votes in favour of a strike is significant in itself.

This ballot was not secret, and the only check consisted of several Union officials who could see how each ballot was cast. It is a well-known fact that, in cases where unions have been unsuccessful in attracting membership, they frequently resort to threats of strikes and to strikes to swell membership as, under such conditions, many who would not otherwise do so will apply for membership for the time being in order to be sure of being on the right side and prevent unpleasantness if the Union should win the strike.

Finally, actual strike action against Stelco's Hamilton Works is understood to have been decided by a show of hands at a mass meeting held in the Playhouse Theatre in Hamilton at noon, Sunday, July 14. This meeting is referred to on page 12 of the Union's statement *re* proceedings before the Commissioner in a dispute between the United Steelworkers of America and Algoma, Stelco and Dosco. The reference reads as follows:—

A special meeting on July 14, after the strike notice had been given, was attended by at least 2,500 men and decided unanimously to commence picketting that day.

According to the records in the office of the City Clerk in Hamilton, the seating capacity of this theatre is 666. It is a further known fact that the attendance included, in addition to those members of Local 1005 present, members of Local 3250, representing Canada Works of the Company, and others with no connection with the Company. It is apparent, therefore, that the number stated to have attended the meeting must be a gross exaggeration and that, in fact, since the combined payrolls at Hamilton and Canada Works numbered over 6,000, not over 10 per cent, and probably less, of those affected actually attended the meeting at which the strike vote was said to have been passed unanimously by a show of hands.

In view of this history, it should be abundantly clear that there is not the slightest justification for imposing the Rand Formula tax as a condition necessary to the holding of their jobs on all the employees of Hamilton Works. The Committee has heard the views of those representing Local 1005 at some length but, unfortunately, it has not heard any expression of opinion from the hundreds within the plant and others anxious to be there although afraid to do so. When I last appeared before you I urged you as strongly as I could to obtain at first hand the sentiments of this large group of men involved in this dispute. In the interest of your having a proper perspective of this problem, I urge you again as strongly as I can to send a delegation to visit Hamilton Works as, without this direct contact, it will be utterly impossible for you as a Committee to grasp the actual situation and attempt to pass judgment on it.

In any properly supervised check of membership, Local 1005 has never been able to show a majority of Hamilton Works' employees as members in good standing. I ask you frankly whether you think the large number of men who have stuck to the ship throughout this strike should be required to pay tribute to the Union which called the strike against their wishes. No employer could possibly impose such an arrangement on all his employees in the face of the evidence which has been presented to you—in fact, I am in grave doubt as to whether The Steel Company of Canada can any longer assume that a majority of its Hamilton Works' employees desire Local 1005 to represent them as their bargaining agent with the Company. Since the Local was certified over two years ago they have had no opportunity to express their opinion and, on the only occasion on which some of them tried to do so, just before the strike, by means of the petition already referred to, the Union, according to the press, charged that this was an attempt to circumvent collective bargaining and threatened to call a strike immediately if the

Company did not stamp out this attempt on the part of employees to express their opinion. I would now like to quote Section 5 (1) and Section 9 of P.C. 1003—

5. (1) The employees of any employer may elect bargaining representatives by a majority vote of the employees affected.
9. At any time after the expiry of ten months of the term of a collective agreement, whether entered into before or after the effective date of these regulations, the employees affected may elect new bargaining representatives in the manner provided in section five and application may be made to the Board by or on behalf of such bargaining representatives for their certification. Upon receipt of such application the Board shall deal with the same as in the case of an initial application for certification under the regulations. If on such application the Board certifies new bargaining representatives, they shall be substituted for the previous bargaining representatives of the employees affected as a party to the agreement in question, and as such may give notice of the termination thereof as provided for in the agreement or under these regulations."

It is clear, therefore, that the Union, aside from insisting upon stifling the right of individual employees to express their opinion freely upon a matter of great importance to them under threat of an immediate strike also attempted to interfere with the right of all employees assured them by law. Since there is such ample evidence of extreme divergence of opinion, I suggest that, to clear the air, this Committee, or the appropriate authority, if it is not within the authority of this Committee, should order a vote taken in accordance with Section 9 just quoted in order to determine whether or not Local 1005 carries the support of the majority of the employees of Hamilton Works before any new contract is entered into.

CONCLUSION

We are living in a confusing time and a few general remarks may not be out of place. During the life-time of the majority of us, we have seen a faster rise in the standard of living, particularly on the North American Continent, than had taken place in hundreds of years previously. It is not necessary to enlarge upon the long list of comforts and advantages available to practically our entire population now which at the turn of the century were unknown, or within the reach of only the very wealthy.

In my life-time in the steel industry, I have seen the basic hourly wage rate more than quadrupled, weekly hours of work nearly halved, practically all of the back-breaking, laborious jobs formerly performed by hand eliminated by the application of electricity and machinery, tremendous increases in capacities and outputs, accidents, which used to take a terrific toll, reduced to a minimum, and general working conditions so improved as to be practically unrecognizable according to the standards of 35 or 40 years ago. At the same time, there has been a decided levelling out of earnings among the various classes and skills employed. Having risen from the ranks myself, I know from first-hand experience what these earlier conditions were and I am still close enough to the plant and rank and file employees to be able to observe the tremendous improvements which have taken place. I say to you in all sincerity that it is a matter of great

personal satisfaction to me to have lived through the era in which there has been so much improvement in the lot of the average steady, dependable employee in the steel industry.

This improvement has not come suddenly, or over night, however, it has come about gradually and steadily as a result of the persistent, constant study and effort of inventors, scientists, chemists, metallurgists, engineers and students of mass production,—a very small number of men as related to the total number supported by the industry. As this group of men have evolved improvements and economies, they have been and will continue to be put into practice by expenditures for improved machinery which, in the case of the steel industry, run into tremendous sums.

It is the resultant increase in productivity per man, not only in the steel industry but in practically all lines of endeavour, which has made the improvement referred to in the lot of the average man possible. This process is not ended by any means, in fact, we may be on the threshold of tremendous further advances as the result of research conducted during the war. Our living standards will continue to improve as technological advances make it possible to make more and better products at the same or lower prices.

Barring the effect of a few revolutionary inventions, man's improvement has been gradual and in proportion to the results of the unremitting toil of the few responsible for blazing new trails in industry and other fields. Labour has shared in the results. It should continue to do so as further improved results come into being. It will, however, do itself a lasting disservice if, by shot-gun methods, some groups attempt to exact more than their just share from the common pot at the expense of all other classes of the population.

It is the earnest belief that the current demands made upon it by the United Steelworkers of America are in excess of the fair share of labour in the proceeds of the industry in its present state of development, that the Company feels compelled to re-iterate its stand that they cannot be met without dislocating effects which will be to the disadvantage of all concerned. There has been no technological advance in the making of steel which will support the 80 per cent advance in basic steel wages in a period of seven years, which was the Union's original demand, or which will support its modified demand of 15½ cents per hour, which would be an increase of 72 per cent in the basic wage rate in that period of time. In fact, the 60 per cent total advance offered by the Company can only be met with present steel prices as a result of the present abnormal volume of business and provided there are no further important increases in other cost items. Neither do we feel that a reduction in the maximum working week of 48 hours is justifiable.

In the matter of Union Security, we not only are convinced that the Rand check-off formula is an impossible solution at our plant, but that all the evidence points to the fact that our employees should be given the opportunity afforded them by our laws to say whether a majority still wish to be represented by Local 1005 before the management of the company should be expected to enter into a contract with this Local acting on behalf of its employees. Surely no reasonable objection could be taken to such a procedure at this time to make it clear beyond all doubt whether this Local does actually have the support of a majority.

(COPY)

CANADIAN NATIONAL RAILWAYS

CENTRAL REGION

UNION STATION,

Toronto 1, Ont., July 27, 1946.

Mr. H. G. HILTON,
President,
The Steel Company of Canada, Limited,
Hamilton, Ontario.

Dear Mr. HILTON,—I have your letter of July 26th.

The failure to move the trainload of material into your plant on Thursday, July 25th, is very much regretted on our part, but was due to circumstances that developed immediately prior to the move being made, and was beyond the control of the local officers who handled the matter.

As to the reasons for our men refusing to go into your plant, the Yard Foreman in a formal signed statement gave as his reason that he feared trouble later, owing to action that had been taken against the families of continuing workmen within the plant, and also fearful of his personal safety in the future. The engine-man stated that he had been threatened many times by the strikers, and if he attempted to go into the plant, it would be too bad for him, and that while the particular move had been protected, nothing had been done to protect him.

As to whether or not the fears expressed by these men are correct, I am not in a position to say, but knowing the men, it was evidently an honest expression of opinion on their part.

Yours very truly,

(Sig.) J. F. Pringle,

Vice President and General Manager.

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SESSION 1946
HOUSE OF COMMONS

(STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 14

TUESDAY, AUGUST 6, 1946

WITNESS:

The Honourable Douglas C. Abbott, Acting Minister of Finance,
Ottawa, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

TUESDAY, 6th August, 1946.

The Standing Committee on Industrial Relations met at 3.30 p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Belzile, Black (*Cumberland*), Blackmore, Bourget, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lockhart, Merritt, MacInnis, McIvor, Mitchell, Ross (*Hamilton East*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel to the Committee.

The Hon. Mr. Mitchell supplied answers to questions asked yesterday by Mr. Gillis and Mr. Smith respecting hours of labour in the United States and in relation to statements in connection with P.C. 1003.

Mr. Lieff announced the receipt of a written statement of rebuttal from Dominion Steel and Coal Corporation. (*See Appendix A. to this day's evidence*).

The Chairman reported that a letter had been received from Mr. Donald Gordon requesting that a sentence be deleted from that portion of his evidence recorded on page 304 of the minutes of evidence.

The Honourable Douglas C. Abbott, Acting Minister of Finance, Ottawa, Ont., was called and sworn. He read a prepared statement and was questioned.

The Committee adjourned at 5.30 o'clock p.m., until Wednesday, August 7, at 11.30 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

August 6, 1946.

The Standing Committee on Industrial Relations met this day at 3.30 p.m. o'clock. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: The meeting will come to order, gentlemen.

Hon. Mr. MITCHELL: Mr. Chairman, yesterday Mr. Gillis, and I think, Mr. Smith asked some questions about the hours of labour in the United States, and I have just received this memorandum from Mr. C. A. L. Murchison, Chairman of the National War Labour Board:—

When Mr. Gillis was questioning me yesterday (August 5), he said that he had been informed that the basic steel industry in the United States was still on a 48 hour week. I stated that I believed that the industry had reverted to a 40 hour week. I now find the following data in the United States Department of Labor Official Statistics Summary for May, 1946 (the latest complete summary available):—

	<i>Average weekly hours</i>	<i>Decrease from May, 1945</i>
Integral Steel Mills (basic and secondary).....	35.5	19.3
Automobiles	35.8	18.4
Electrical Equipment	38.3	14.7

It is evident that these three major industries are now operating on a 40 hour week. The complete table in the aforementioned statistical summary shows that most manufacturing establishments have a regular work week of 40 hours. Some establishments, such as foundries and manufacturers of cutlery, machine tools and metals doors, are working 44 hours per week. The average work week in May, 1946, for all manufacturing in the United States, was 39.6 hours.

Mr. Smith asked yesterday about statements in connection with P.C. 1003. I have an extract here from the *Montreal Herald* of February 18, 1944:—

Mr. A. R. Mosher, President of the Canadian Congress of Labour, in a press statement made on February 17, 1944, and which is reported in the *Montreal Herald* under date of February 18, 1944, is quoted as follows: "In my opinion the regulations governing the wartime labour relations, as adopted by the federal government, will go a long way toward meeting the demands of organized labour for a satisfactory labour code and I feel the government deserves credit for its action.

One of the privileges labour unions appreciate most highly, and for the maintenance of which the free peoples of the world are fighting, is the right to criticize a government when its policies or actions are considered objectionable; but it would be unfair if it failed to be equally outspoken in commending any government for what appears to be a sincere effort to promote good relations between workers and employers.

In view of the difficulties which were inevitable in handling the unprecedented problems involved in legislation of this character, it is scarcely to be expected that there will be entire satisfaction at the outset,

but I believe the government has done a good job in the circumstances and I do not hesitate to congratulate most heartily both the government and its officers who were responsible for drafting the regulations."

Mr. SMITH: Whose interview is that?

Hon. Mr. MITCHELL: A. R. Mosher, president of the Canadian Congress of Labour.

Mr. MACINNIS: What was the date?

Hon. Mr. MITCHELL: February 18, 1944.

We have at all times protested and resisted the introduction of orders in council which, in our opinion, were unnecessarily drastic. We will just as readily commend our governments when legislation is enacted which, in our considered opinion, is in the best interests of the many thousands whom we represent, and we state without fear of successful contradiction that order in council P.C. 1003 is a good piece of legislation and warrants expressing our appreciation to the government for its enactment.

That was in the official publication of The Trades and Labour Congress, for March, 1944, contained on the editorial page and in a statement on the appointment of the Labour Relations Board.

In a brief presented to the Prime Minister and members of his government by the Executive Council of The Trades and Labour Congress of Canada, in February, 1944, there is contained the following reference to P.C. 1033:—

We desire to be recorded as complimenting your government for the passing of order in council P.C. 1033, establishing the right of employees in industries essential to the prosecution of the war, to bargain collectively through the medium of chosen representatives of their unions, as tabled in the House of Commons on the 17th February, 1944.

We compliment your government for its introduction, and express our appreciation of the co-operative consultation between the Minister of Labour and members of his department and officers of this congress to its introduction.

Mr. Harold Crabtree, chairman of the executive of the Canadian Chamber of Commerce, has issued a statement at Montreal on February 18, 1944, which as reported in the *Sydney Post Record* of February 19, 1944, is as follows:—

Montreal, Feb. 18.—(CP)—Harold Crabtree, chairman of the executive of the Canadian Chamber of Commerce, said to-day that the new dominion labour relations code tabled yesterday in the Commons "is a step in the right direction for the stabilization of the production conditions for the remainder of the war emergency."

(The next code makes collective bargaining and arbitration of disputes compulsory in war industries and other so-called national occupations. It is estimated that some 2,500,000 of Canada's 3,500,000 industrial workers are covered by its provisions.)

Mr. Crabtree added "executive members of the C.C.C. are generally in agreement with the objectives and basic principles of the new labour code in the C.C.C.'s brief to the National War Labour Board last year."

"Until the complete code has become available and has been studied by our labour policy committee," Mr. Crabtree said, "we are unable to endorse at this time all the detailed aspects and regulations of the order; meanwhile, a single labour code and a defining of responsibilities on the part of both employers and employees is a step in the right direction for the stabilization of production conditions for the remainder of the war emergency."

Mr. LIEFF: Mr. Chairman, I have before me a statement of Dosco in rebuttal. I take it that this will be filed as read.

(Statement appears as Appendix A).

The CHAIRMAN: Mr. Gordon, Chairman of the Wartime Prices and Trade Board wrote to the committee under date of August 5, 1945 as follows:—

On page 304 of the Minutes and Evidence of Friday, July 26, 1946, under the first paragraph of "Schedule E" I am quoted as follows: "As you are probably aware, this plant is owned by Canadian Industries, Limited."

I regret to find that I was misinformed on this particular and I am now advised that this plant of the Brunner Mond Company has no connection whatever with Canadian Industries Limited and they are, in fact, competitors in the field.

I should appreciate it very much if permission could be given for the sentence in question to be stricken from the record.

Will Mr. Abbott please take the stand?

Douglas Charles Abbott, Acting Minister of Finance, called and sworn:

By Mr. Lieff:

Q. You are the acting Minister of Finance?—A. Yes.

Q. I understand that you have a statement to make, and that copies will be available to the members before the meeting is over?—A. Yes, they are here now.

Mr. Chairman,

Since I am acting for the Minister of Finance, who has the major responsibility for the stabilization programme, I believe that I should put before the committee the government's views and position in regard to that programme. While it is true you are considering a particular industrial dispute and that I am not in a position to offer specific views as to that dispute, the problem before you is intimately related to price control and the question of the relation between wages and prices has been frequently discussed.

The Chairman of the Prices Board, Mr. Donald Gordon, has already been called before you. While I have not before me the details of his presentation regarding this particular problem, I should like to confirm the general attitude in regard to price control which he expressed. The Chairman of the Prices Board is an official appointed by the government to administer price control in the national interest, in the interests of all of us as consumers. The particular man who fills that office has amply demonstrated his ability and his integrity. He is not an advocate of business, or labour, or of any one group, but his responsibility is to take every feasible and proper action within the scope of government policy to keep prices in hand. When he gives it as his considered judgment that a particular course of action will undermine price control, thoughtful persons will, I am sure, take such an opinion for what it is—an expert and unbiased view on a problem where such views are most difficult to obtain. Mr. Gordon has stated that we are approaching a point where the task of maintaining an orderly price control policy will become impossible unless various group interests are prepared to exercise the restraint and give the support which is essential. It should not be taken from what he said that he is trying to use a threat of resignation in an effort to influence a settlement that would meet his own view of the situation. He is merely stating, as an expert witness, what he believes would be

the consequences of a certain course of action. And if that course of action were to place him in the false position of trying to administer a policy which he honestly believed was impossible and he so advised the government, I cannot see how any reasonable person could take exception if in those circumstances he saw fit to resign.

The first point which I should like to stress before this committee is that we are faced with the immediate and urgent threat of serious inflation right here in Canada. We are all aware that conditions of rapidly rising prices and economic disruption are widespread throughout the world. We are particularly aware of the unhappy turn of events in the United States and of the long succession of pressures and strains which led to the breakdown of their price control. We are more especially conscious that even in Canada things are not going too well. You will have noted today the announcement that the cost of living index rose a further $1\frac{1}{2}$ points from June 1 to July 1. This brings the increase in the index to approximately 5 points since the end of the war, which is slightly more than the increase which occurred during the whole wartime period of price ceiling control, from October, 1941 to August, 1945. This increase was not unexpected but in the atmosphere of shortages, industrial disputes and impatient public demand for goods and services, in which we find ourselves today, it gives ample cause for concern.

As I said, this increase did not come as a surprise, unwelcome as it was. Some readjustment in prices was inevitable following the conclusion of hostilities. Increased costs which had been carried by war business had, in part, to be recognized in peacetime. A start had to be made in removing subsidies and in facing up to the higher costs which were temporarily absorbed by these wartime payments. We could not entirely insulate ourselves from the effects of higher prices in other countries and this factor, too, has had some impact on our prices. Finally, some prices had to be adjusted upward if we were to obtain the necessary volume of certain essential commodities, such as butter and pork. Some readjustment was unavoidable. Every effort has been made to limit it to the smallest practicable amount. The Wartime Prices and Trade Board has done everything feasible to minimize the price advance. It has carried on its fight for the consumer, that is, for all Canadians, questioning and investigating applications for higher prices, turning down many and paring down most of the remainder. It has been a difficult and harassing task, for the applicants seldom, if ever, got what they wanted and Canadian labour and the public generally have bitterly complained about those increases which could not be avoided. Nevertheless, it was a job that had to be done—the alternative was runaway inflation. There was no possibility, as some people appear to think, of holding prices absolutely stable.

The readjustment in prices, to which I refer, has been necessitated by increased costs which gradually worked themselves into our economic system going back in some cases as long as three or four years ago. While the readjustment has not been fully completed, and while we cannot look forward to entirely stable prices, it is the government's belief that much of the readjustment to immediate post-war conditions has now occurred.

The breakdown of O.P.A. in the United States admittedly added greatly to the potential menace of inflation. Less than a month ago, however, the government took vigorous steps to adapt price control to meet this and other changes in conditions. It introduced somewhat more flexibility, particularly in regard to wage control since that was necessary and appropriate to the development of a healthy peacetime economy, and to our traditions and basic rights. At the same time, it concentrated the price control machinery, which was heavily overburdened, upon the more essential items in family expenditure, and as a further major step in combatting inflationary pressures from abroad it raised the Canadian dollar to parity with the United States dollar.

The government believes that this programme makes it possible to maintain effective price control and to maintain orderly economic conditions while production expands and gradually overcomes the widespread shortages. This vital objective can and will be achieved provided always that we have the good sense not to embark upon a new cycle of cost-price increases. Price control has still to contend with the very serious pressure of cost increases which are already present in our economic system. It has still to contend with inflationary pressures from abroad. It has still to contend with the pressure of excess buying power—excess in the sense that sufficient goods have not yet been produced to meet the demands of buyers. If on top of these pressures it had to contend with the effects of widespread and large wage increases, together with the industrial disputes and the major interruptions to production which they involve, it is my opinion that price control cannot stand the strain. At any event, it is a certainty that we should soon find ourselves in a new and more severe cycle of price increases, even if we succeeded in maintaining some semblance of price control.

We simply cannot dodge the fact that wage increases have the immediate effect of raising costs—of raising costs in an economy where prices are pressing hard against their ceilings. Of course, I do not say that all wage increases mean higher prices. In some cases, business can absorb increased wage costs within reasonable bounds. In some other instances, there may be a good case for moderate adjustments even when some price increase is involved. And given time, wage increases may be followed by a gradual increase in productivity which may ultimately offset the effect of those very increases on costs.

What I do say is that we must guard against too rapid and too large an upward adjustment in wage rates, that is, if we want to maintain price control. We are in imminent danger of going too fast, of placing an impossible strain on price control. Our economic affairs are still in a state of transition from war to peace. Shortages, bottlenecks of materials and labour, frequently aggravated by industrial disputes in the United States, and also at home, have impeded and are still impeding our progress to high production—the only real answer to the threat of inflation. We haven't yet got into large volume production in many parts of our economy. We haven't had a real chance to see what can be done toward increasing productivity, which is the foundation of higher earnings. We are still trying to get our house in order, to get the machinery functioning and to overcome the bottlenecks. With restraint on the part of business and labour, with industrial peace, we can accomplish wonders in the next twelve months. Without such restraint, we shall get a cumulative and mounting increase in prices all along the line and we shall get widespread industrial disputes which will further postpone our progress toward high production and toward a satisfactory and sustained level of peace time employment and real earnings.

So I would emphasize that the choice lies between moderation now on the part of labour, business, farmers and other producer groups, and extremely disturbed, perhaps even chaotic conditions. It is the government's responsibility to protect the welfare of all Canadians. That means that it cannot accede fully to the demands or desires of any group, but must preserve a balance which will protect the interests of all. So in the case of organized labour, as in the case of business and as in the case of farmers, there must be restraint and moderation.

The Canadian people have been frequently warned against the dangers of inflation. Perhaps those warnings have not always been taken too seriously because, after all, we have had fair success in controlling prices. Now, however, we have a warning which can leave no doubt as to its meaning—I refer to the recent disquieting rise in the cost of living. No one can say at

what precise point a country loses control of its economic affairs and slips into the throes of inflation. It is a question of degree, of how much the machinery will stand, of how much it will bend, and above all of how strongly the public supports its government's efforts. But countries do gradually slip over the brink, gradually let economic conditions get beyond them. They don't do it consciously. Nobody wants economic disruption, except a few unscrupulous speculators. They do it gradually, letting things go a little here and a little there. No single retreat before the inflationary forces may seem very important but finally a point is reached when the retreat becomes a rout and events get beyond control. That has happened in country after country both during and after the first World War and during and after the recent conflict. You can look around today and see countries in all stages of the inflationary process. Some countries just could not avoid their troubles. The forces let loose by enemy conquest and physical destruction, were too powerful to resist. Other countries, more fortunately situated, have gradually slipped into inflation, not because of any intent or any sinister design but rather through unwillingness, or political inability, to exercise the restraint and to put the effort into the struggle to maintain order and stability. In countries which have gone through inflation and are in the midst of it today, nobody planned to rob the unorganized workers, the war pensioners, the ordinary citizens scraping to have enough for their old age, the fixed salary workers, the serviceman with his credits, or the general public with its holdings of government securities. Nobody planned to take away the higher wages bargained for and obtained by organized labour, the higher incomes bargained for and obtained by farmers, or the profits made by business men and storekeepers. Nobody planned the industrial disputes and embittered feelings of one group against the other. But it happened just the same. And it is happening in a number of countries today.

I cannot say just how large a step would carry us in this country to the point where we lose control. I can say, however, that we are approaching such a point. And I am quite convinced that a cycle of large and widespread wage increases in the circumstances of the present would carry us over the brink into rapidly rising prices and disorderly conditions. If all groups exercise moderation we have a good chance of keeping our affairs in hand—indeed, I am quite sure we can keep them in hand. But price control and economic order without the genuine support of all major groups in the community is simply not possible in a democratic country. The success which we have had has been based on the only possible foundation for such a program—widespread and intelligent public support, on the good sense of the vast majority of citizens, both in their roles as consumers and as producers. It is the understanding that benefits which we reap as consumers can only be achieved if we play the game in our capacity as producers, as factory workers, business men, farmers, and so on, that has made effective price control possible. We must preserve that understanding and co-operation unless we are prepared to throw away the very great benefits which we have earned and take our chances in a process which has always meant misery and disruption.

OTTAWA, August 6, 1946.

The CHAIRMAN: Is the committee through with Mr. Abbott?

The WITNESS: The committee might be interested in this, I got these figures this morning, preliminary figures as to the situation in the United States; and these figures, while only preliminary, indicate that the cost of living index in the United States has risen 7.4 points in the period June 15 to July 15—in one month.

Mr. SMITH: Are we permitted to question the minister?

The CHAIRMAN: Yes.

By Mr. Smith:

Q. Mr. Abbott I understand today that there has been released a statement with respect to an increase in salaries and wages for civil servants?—A. That is correct. I think, Mr. Smith, that is an automatic increase by reason of the cost of living index having gone over the 5 point rise.

Q. Is it government policy to tie in wage increases and cost of living increases? It appears to be so.—A. That has not been the case in the civil service. You may recall, Mr. Smith, that the situation in the civil service was different from what it was in ordinary industry where there are increases if the cost of living bonus goes up only one point. In the case of the civil service there has to be an increase of 5 points in the cost of living index before any increase is granted, and then it becomes what we term an automatic increase based on the rise in the cost of living index. As you know, the civil servants for some considerable time had no corresponding increase in their salaries, although it was accorded in industry by reason of the increase in the cost of living. The 5 point limit having been exceeded the increase becomes automatic.

Q. I was trying to find out what government policy is. Perhaps it is accurate to say—I realize they have certain old age pensions and that sort of thing—that in so far as civil service are concerned it is government policy to have those increases conform to the increases in the cost of living?—A. That has been the policy. As I pointed out, it is on a different basis from that in industry.

Q. It was only on a different basis as to amount?—A. That is right.

Q. But the principle is the same in the civil service and industry, that it is all one and the same thing?—A. Yes. The point I was trying to make—perhaps I didn't make it clear—in industry when the cost of living bonuses were paid—

Right Hon. Mr. HOWE: No, there was a cut-off in there since then, there have been wage increases.

By Mr. Smith:

Q. They are to be incorporated in salary; but the principle and wage matters other than civil servants the increase in wages rested on the increased cost of living when it was advancing and the cost of living was incorporated in wages?—A. That is correct.

Q. So that what I am anxious to find out is why the government adopts one policy with respect to civil servants and another policy with respect to individuals engaged in industry.

Hon Mr. MITCHELL: Do you want me to answer that, Mr. Abbott?

The WITNESS: I think Mr. Mitchell might answer that.

Hon. Mr. MITCHELL: I think I can tell you what happened. —I have lived right through this thing. We started off I think with P.C. 7440, which provided a 25 cent increase for every one point of increase in the cost of living index, and then it reached the stage where word was going around, there was a lot of argument when the war was over that it would be taken away from them, from those who received the increase. At first, it was always argued also that when a basic rate was put forward the cost of living bonus was never incorporated into the rate, irrespective—I mean, that was the talk that was going around. So, what the government decided to do was to incorporate the cost of living bonus right across the industrial structure into the basic rate, and endeavour to hold the line. That was the decision that was made. That line has been held substantially until quite recently.

Mr. SMITH: You didn't hold the line—I am not saying these things critically at all.

Hon. Mr. MITCHELL: No, that is quite all right.

Mr. SMITH: You spoke of holding the line. The cost of living bonus was very important in the basic wage rate and it was incorporated?

The WITNESS: Yes.

Mr. SMITH: Then wage rates have raised more or less constantly since that time?

The WITNESS: That is right, yes.

Mr. SMITH: And so we were not holding the line; we were not holding the line so far as any increased pay was concerned, were we? We are now put in this position where Mr. Millard is asking for an adjustment of it on and after the first of January when he says there should be an increase of one cent per hour per point in the increased cost of living. Now, leaving out the fact that I may or may not approve of that—it strikes me as being very high, I don't mind saying—leaving that out, the government is opposed to that idea in industry, as I gather, yet it maintains the principle in paying it to the civil service. Is that a fair statement to make?

The WITNESS: That is quite true.

Mr. SMITH: Could you tell me why?

Hon. Mr. MITCHELL: I think I can, if the honourable member will just permit me to wander a little bit all over the lot.

Mr. SMITH: I have never stopped you, so long as you get back home.

Hon. Mr. MITCHELL: I will tell you why I think Mr. Millard's contention unsound, and to my way of thinking it is unsound. I would say that for this reason, it is my opinion that if we are not able to maintain price control, if we go into an inflationary spiral like we had after the last war for instance where it went up 90 points, it is within the realm of possibility that losing control of the price structure we will go into a dancing price structure like they are in the United States where it has gone up something like seven points in one month. You will see that in itself will feed on itself. And my firm conviction is, much as I would like to take the position of many in the organized labour movement today, I think that if you fail to maintain price control all through the piece the people who are going to suffer are the working people of this country.

Mr. SMITH: That is right.

Hon. Mr. MITCHELL: And the only people who are going to make any money will be the same people who made it after the last war, the speculator. One does not hear anything in this day and age about war profiteers here in Canada—at least, I don't; maybe some of you do, but they are not heard of in the same way as they were after the last war. The man who makes money out of an inflationary spiral is the speculator. The same thing happened in Germany, and most of you know what the effect of their inflationary spiral was over there. I am convinced of this, that if we are going to get over this hump, and it is a hump that we have to get over; if we are going to avoid difficulties of the kind we faced after the last war, then each one of us has got to exercise discipline in an effort to carry us over this most difficult period. The maintenance of price control is not going to be as easy as it was during the period of the war when we were all moved by that intangible thing, the discipline of a nation fighting for its very life. The real problem comes the first year or two years after the war, where you haven't got that discipline. So it really boils down to this that it is a matter of judgment—mine against yours, or some other person's. But I am convinced in my own mind that my judgment is not a long way out. I have watched this inflationary business in a good many countries of the world over the last twenty years. I have seen it operate in many countries.

Rt. Hon. Mr. HOWE: Mr. Chairman, may I just say this; I am sorry that Mr. Ilsley is not here because Mr. Ilsley would be able to give us chapter and verse as to when the decision was made—I think it was in 1944; or was it 1943?

Mr. MACINNIS: It was in October of 1943.

Hon. Mr. MITCHELL: 1943, yes.

Rt. Hon. Mr. HOWE: It was found that the arrangement we had whereby wages were tied automatically to the cost-of-living index was in itself creating a spiral of increases. It was then the government changed its policy and decided that it would hold the line, incorporating the cost of living bonus into the standard wage, and in doing that it employed subsidies to hold back certain prices, among them the price of milk and certain other prices which I don't remember offhand; and it undertook to hold the level at the same place, about 118.5. With respect to the civil service it decided that if the cost-of-living index increased by 5 points there would be an automatic increase equivalent to the rise in the cost of living. The promise to labour was that if the cost of living rose three points the position of wages would be reconsidered. And now, the position of wages has been reconsidered as is evident by the provision of a 10 cent increase in wages in steel. I do not think there is any industry in the country the income of which, I mean wages, have not been increased by at least as much as the increase in the cost of living since the hold-the-line move was made in 1943. If my honourable friend will look at the chart of the increase in the cost of living he will find the point where there was a drop in the index by roll back of prices which took place when that decision was made.

Mr. SMITH: I have looked at that. I am not quarrelling with you.

Rt. Hon. Mr. HOWE: No, I am not suggesting that you are.

Mr. SMITH: I was merely trying to find out why the two principles are working side by side.

Rt. Hon. Mr. HOWE: The theory was that in the government service the Civil Service Commission and the Treasury Board had to make the decision, and it was considered that the government would set a pattern. It was felt that labour and industry were able to put forward their own case and that those wages would be looked after in a way that civil service wages would not.

Mr. SMITH: Let us take a concrete example. Let us take the month of August. The price index increased 10 points. Now let us take a hypothetical situation. That would mean on the basis adopted by the civil service that you would have two 5-point jumps. Therefore, you would have an increase in wage to the civil service and the other people would have no provision whatever for such an increase. In other words, it seems to me that if the principle is proper with one class of workers—I use the word advisedly because we are all workers—but I am not clear why the principle is sound with respect to one class—

Rt. Hon. Mr. HOWE: If we go back to the ten point raise in the cost there would be no labour control in this country. I can assure my honourable friend that no administration could handle that, the lids would all come off. But the reason for the difference is that workers in private industry can go to boards that are established, such as the Regional War Labour Board and the National War Labour Board, and make their case, whereas civil servants are not in a position to do that. They are governed by the Civil Service Commission. There was a real difference which the government realized in setting up one standard for workers who would be able to make their case before the War Labour Board. I do not know any other class of workers who are in that position.

Mr. SMITH: I want to take the illustration you have given. Let us say that the figure goes up 10 cents and the whole thing explodes—or let us say it goes up 100 per cent—in that case with regard to the civil servant his dollar is always just as good a dollar, no matter what happens, if it is tied to the cost of living, but in the case of the other people their dollar is not worth a cent. Does that follow logically from what you have said here?

Rt. Hon. Mr. HOWE: I think the history is the other way; I think wages in industry have gone up very much faster than wages in the civil service for the reason that they have been able to make their case to the War Labour Board. I think they have been given the benefit of the doubt in most cases; they have secured increases that are considerably more than the civil service have secured. We have tried to keep the civil service dollar at 100 cents on the dollar.

Mr. GILLIS: Mr. Chairman, it is rather unfortunate that Mr. Abbott was thrown into this matter because I do not believe that with the short time he has been acting as Minister of Finance he has had an opportunity of understanding this question as he should understand it to come before this committee and persuade us with regard to wage controls, price controls, and so on. I am not blaming him for that. The fact of the matter is that his brief is just a general statement of the necessity of avoiding inflation, and I agree with every word he has in it. There is not a thing wrong with it, but there is nothing basic about it.

The WITNESS: There is something pretty fundamental about it, though.

Mr. GILLIS: It is not relevant to this particular dispute. Now, with regard to the reason for changing the cost-of-living arrangement and working the cost-of-living bonus paid during the war into the basic rates, it was done, as I understand it, specifically for the purpose of stabilizing wages at that point and maintaining price control. Now, if you look at the *Labour Gazette* at page 1601, dealing with wage control, you will find the government's policy announced by the Prime Minister at the time these controls were instituted and that change was made, and he says this specifically: "The other change has to do with the cost-of-living bonus. Payment of cost-of-living bonuses at varying scales has given Canada a complicated structure of wages and bonuses. These complications have proven a constant source of misunderstanding and friction. The policy of the government is that all practicable measures shall be taken to keep the cost of living at present levels. If that is achieved there will be no occasion for additional cost of living bonuses; no further bonuses are to be paid and existing cost-of-living bonuses are to be added to become part of the basic wage rates."

The assumption was when the policy was laid down that the cost-of-living bonus was going to be held—

The WITNESS: Did not the Prime Minister at that time give an assurance that if the cost of living rose more than 3 points, I think it was, the whole situation would be reviewed?

Mr. GILLIS: That is right. Now, the cost of living has risen those 3 points.

The WITNESS: And there has been a considerable amount of review.

Mr. GILLIS: Not review in the proper manner. It has been review by friction and strike and misunderstanding. Someone should have sat down and worked the problem out. It is not being reviewed. There are too many sideline matters being thrown into the matter today. I think the reason for our difficulties at the present time is that price controls have not been working. I want to say this for the minister's benefit and for the benefit of the committee. He stresses in his brief the fact that we must avoid inflation, and we agree with him; but he also states that Mr. Gordon in holding up the price control boards did an excellent job and all that kind of stuff. I cannot agree with that. I am disagreeing because I say that from the time that the wage stabilization order was put through and the bonuses were worked into the basic rates prices have gone up considerably, and I say that was the responsibility of the Wartime Prices and Trade Board.

Secondly, and perhaps more important, I am blaming Donald Gordon for the present disruption in steel. That \$5 increase that was made in basic steel was not necessary at that time. Figures that have been presented to this

committee have proven that those companies could have absorbed the increase themselves—that is the increase in their basic commodity that has ramified all through the economy of this country and set off the gun that started everybody asking for these increased wages across the country today. That was a mistake on the part of the Wartime Prices and Trade Board. Now, in effect, if we are going to hold wages under that ceiling that we must impose today to correct that initial mistake then we are asking the working people of this country to facilitate 100 per cent in the maintenance of price controls and correct the mistake that was made by the Wartime Prices and Trade Board, and I do not think that is a fair proposition. I hope before this present dispute is over that that angle of the question is going to get more consideration than it has received so far.

Another thing I would like to call to the minister's attention as he presides over that book, is this, that when that increase in steel was made, if the Wartime Prices and Trade Board had allocated a certain percentage of that increase for wages and let the unions affected know exactly what they could expect, I think the wage adjustments in accordance with the pattern set by the board at that time might have been accepted and you would have no disruption at the present time. The fact is that they did not do that. They said: "An increase in steel is given, you go out and get it the best way you know how." That, in effect, was prompting the strike that we have today. I am not prepared to accept the statement in the minister's brief that we owe so much to the Wartime Prices and Trade Board in the present situation. They did a good job during the war, sure they did, but anybody could have done that job during the war; the general public did that job. The time we needed rigid controls and someone with courage and devotion in there was in this transitional period, and we have not got the leadership from that body. I am not prepared to say that the workers of this country should accept lower standards because of higher prices because someone made a mistake in arranging the economy of this country in the transitional period. I think it would be a fair proposition if we took this attitude: if we asked the workers of this country if they were prepared to consolidate present standards as far as wages are concerned with the understanding that a reduction, say, of 15 per cent in the prices of commodities in this country was made—that is real wages. I think if we examined the profits made by industry generally during the war we would find that a decrease in price could take place without hurting them much. To say we are going to impose a pattern now above which standards in this country and above which the wealthy producers must not be allowed to go in order to cover up mistakes made by someone who had the authority to keep this thing on an even keel, is wrong.

I am sorry we have not got the Minister of Finance with us this afternoon because he has presided over this department during the war and not Mr. Abbott, who is now in the unfortunate position of having to answer questions.

THE WITNESS: Remember that I was with the Minister of Finance for some considerable time, and while I may not be familiar with some of the detail I am familiar with the general principles of this price control program, and I have had something to do with it. I handled the estimates in the House for two years. I do not come in cold on that.

MR. GILLIS: You were caught out a few minutes ago.

THE WITNESS: On details of the wage, yes; that was on a detail of the cost-of-living bonuses to civil servants and the others, but I am thoroughly familiar with the general principles.

MR. GILLIS: It is the details that cause the friction.

The WITNESS: I am not saying there has not been some friction. I am sorry the Minister of Finance is not here, but I am quite capable of discussing the principles and practice and theory of price control with you or any other member of the committee.

Mr. GILLIS: That is all right as long as the little fellow is going to carry the load. Avoid inflation. We can all say that and agree with it, but this is to equalize the burden throughout the whole economy of the country so that everyone will bear a fair share. That is what I am concerned with and that is why we have to discuss details. The fact is that the controls were revised and amended and announced to the House by the Prime Minister with the understanding that price levels were going to be maintained, but they have not been maintained, and the Wartime Prices and Trade Board were responsible. With regard to the demand we are getting today, we are responsible for it ourselves, and we might as well get down to brass tacks and try to straighten this thing out.

Hon. Mr. MITCHELL: May I be permitted to say a few words? I am not going to defend Donald Gordon, he is capable of doing that himself; but let us look at the other side of the medal. My hon. friend has just said that Mr. Gordon has failed in his job.

Mr. GILLIS: I say he did a good job during the war; he has failed in the transition period.

The WITNESS: In effect you have criticized the authorization of \$5 of an increase in the price of steel.

Hon. Mr. MITCHELL: It is easy to say that when you have no responsibility. It is quite easy to talk in generalities of Mr. Gordon's position when you have not got any responsibility. That is the easiest thing in the world to do. That is as old as history itself.

Mr. SMITH: While I have a chance I have a question to ask that is a question.

Hon. Mr. MITCHELL: I am going to read from the American Federation of Labour Weekly News supplement of July 12, 1946. This is after the O.P.A. had passed out of the picture. This is dated Washington, D.C., and it says the following things: steak in the national capital was selling from \$1.10 to \$1.85; hamburger was selling at from 78 cents to \$1 a pound; pork chops were selling at 94 cents a pound; rib roasts were selling at \$1.25 a pound; milk was selling at 22 cents a quart; rents were up anywhere from 30 to 300 per cent of an increase; and cotton showed an increase of \$5 a bale in a single day.

Now, that is the picture. If you want a situation such as they have in the United States, say so.

Mr. GILLIS: That is not news to us. I read that stuff every day. All it indicates to us is that they were much more foolish in the United States than we were. That does not excuse us for making the same mistakes. What I am talking about is the mistakes we have made which started us on this inflationary spiral, and I think the \$5 increase in steel was one of the things that set the whole thing off.

Hon. Mr. MITCHELL: This inflationary spiral? Five points since 1943. I do not think that is bad batting.

Mr. GILLIS: It is only a start.

Hon. Mr. MITCHELL: We thought at the start it was a jump; that if we could have the price index at 10 points in six months we would have been lucky.

The WITNESS: It is 1.5 in this country as against 7.4 in the United States.

Mr. GILLIS: They threw their price controls off. We did not do that.

The WITNESS: No. We are running some risks of doing it, perhaps.

By Mr. Smith:

Q. May I call your attention to page 5 of your brief where you say: "So I would emphasize that the choice lies between moderation now on the part of labour, business, farmers and other producer groups, and extremely disturbed, perhaps even chaotic conditions. It is the government's responsibility to protect the welfare of all Canadians. That means that it cannot accede fully to the demands or desires of any group, but must preserve a balance which will protect the interests of all. So in the case of organized labour, as in the case of business and as in the case of farmers, there must be restraint and moderation."

With those general principles I am sure no one will disagree. Having stated so accurately your responsibility, I will ask you to turn to page 316 of the evidence given by Mr. Donald Gordon. At the top of the page I find this question:—

Q. And it is quite possible that you may be able to carry, and see us through, see the country through, at fifteen cents; you may, or you may not?—A. I would not think so. My considered judgment is—and perhaps you are at last getting me to say what you wanted me to say—my considered judgment is that if we can settle this wage dispute at something not over ten cents an hour, that personally I would be willing to try it; I would be willing to say, as I have said before, there is still a fighting chance, it is worth while struggling with. I am not willing to say we would succeed. I would say we would try, the organization surrounding me would be able to go in there and try to do it; and I believe from my conversation with the government, that the government would be willing to try. After all, it is the government and this thing definitely cannot proceed unless it is government policy.

And so on. Now, I would ask you this question: is it the policy of the government that wage increases should not be beyond 10 cents an hour?—A. Well, no, I do not say that that is government policy. I cannot speak for the government on a definite figure as to what wage increases will or will not be, but I can say this, that Mr. Gordon tells me—I discussed this matter with him since he gave the evidence to which you have referred—he tells me that even with an increase of 10 cents in this particular case the situation is far from clear, that he believes he can continue to make a reasonable job of price control but with that in this will mean some further price increases. If you want my personal opinion on that matter I would say that in view of expert advice I find it hard to see how I could honestly approve an increase beyond that figure at this time.

Mr. MacINNIS: Mr. Abbott used the words "in this case." I wonder what he means by those words "in this case."

By Mr. Smith:

Q. Then it goes on:

It is not a matter of prices boards, it is a matter of the government. If I were asked to advise the government if under ten cents or even ten cents was all right I would try to find something. In the case of anything substantially in excess of that it would be my duty to say to the government it is no use, if the workers of this country are determined to have their own way in this respect and do not recognize their real interest—and their real interest lies in the value of their money wages—then there is only one way for them to learn. And it would be dishonest, in my opinion, for me to go on and try to neutralize the effect of that action. I mean, it would be dishonest. I am willing to carry on where there is some chance of success, but not to fool people into feeling they have something that it is impossible to get for them.

Do you accept Mr. Gordon's statement that it is a matter of government policy to call a halt at some point—that must be a matter of government policy?

--A. I would answer that in this way, that if wages increase beyond the figures Mr. Gordon mentioned, I think it is extremely unlikely that we can continue to enforce any real price control. I would expect that Mr. Gordon would resign. Whether he would resign in months or not, I do not know. Personally, I would not feel like urging him to stay on. If a man comes here and says, "I can't do a job," why ask him to stay?

Q. He has expressed his opinion and it would be dishonest to ask him to stay. The thing I have in my mind is what Mr. Gordon told you. Let us put it this way. If he is right in saying that he cannot control things beyond a ten-cent increase, then the government has no alternative policy of trying to hold the line. I am not saying that critically.—A. I do not follow the inferences you are trying to make.

Q. What I am trying to say is this—I think this is an important point to the people of this country—that if this government, with all its knowledge, can say or cannot say that inflation is most likely to come beyond the ten-cent increase, what would they do?—A. I do not think there is any question but that the prospects of inflation are greatly increased if anything beyond a ten-cent increase is given. There can be nothing final about wage rates if the cost of living continues to rise, but I hope it won't. Of course, wage rates will have to be brought in line with prices. The best evidence I have been furnished with as acting Minister of Finance as to what is the limit to which we can assure giving without a serious price rise is ten cents. Perhaps that is too high. That is the only expert evidence I have had that that was the maximum.

Q. In other words, your view is that in giving any substantial increase beyond that, then inflation is inevitable?—A. I won't say that inflation is inevitable, but increases all along the line are inevitable. Whether things will be out of hand, I cannot say. Mr. Gordon feels that, so far as he is concerned, he would not attempt to control them.

Q. You said something about speculators. The only speculator that makes any money in a period of inflation is a man who sells things short?—A. No, in a period of inflation everyone who has an inventory makes money. He may not be able to replace that inventory, though.

Q. He makes dollars, but does not make any money?—A. He makes dollars.

Q. During an inflationary period, if I have a bushel of wheat I will get a different number of dollars for it, but the different number of dollars I get for it will only buy what I could buy with less dollars before?—A. But all prices never come up equally in an inflationary period. The speculator can invest in something that is low in price.

Q. Currency did a nose-dive in Germany much faster than anything else?—A. The inflation in Germany was a currency inflation.

Q. We are talking about a fellow who is a speculator. I do not think he exists. How many short-sellers do you find in the market?

Rt. Hon. Mr. HOWE: You mean long-buyers, not short-sellers. Short-sellers would have a bad time.

Hon. Mr. MITCHELL: How many shorts did you ever know in the grain business in your life? I have only known one.

Rt. Hon. Mr. HOWE: A short-buyer is no good in an inflation.

The WITNESS: He would sell short in a period of deflation.

Mr. SMITH: Stocks, of course, go down because dollars are not good. That is the answer to that.

By Mr. Gillis:

Q. I would just like to ask you a question. What would you think of profit control?—A. We have an effective profit control in our tax system, of course.

Q. I want to bring to your attention Mr. Gordon's answer to that. His answer to a question as to profits was:—

No, not necessarily; that is the point I have been labouring to put forward. That was dependent entirely on the decision of the management of the Steel Company as to what profit level they were willing to operate on; and they could quite easily and quite reasonably have taken the attitude that they could not afford to pay anything for wages because they were not earning a profit amount anywhere near the amount which they ought to be earning by pre-war standards in relation to the volume of production that they are now undertaking. I have already told you that the Steel Company had reached a production of two and one-half times their pre-war volume.

Do you think one of the very pertinent points to-day is that if they are going to maintain prices and regulate wages and establish a ceiling for both, that you must have some control, also, over the manufacturers and industrialists who come in for certain subsidies and increases in price because that is a basic thing that disturbs the whole level of everything? Do you not think the government should decide what is a reasonable profit and what is an unreasonable profit?—A. I think we have profit control as I indicated. I think our fiscal system administers a good profit control. You may see that by looking at the manufacturers during the war. I think we pretty well drained off the war profits from those concerns. As for profits being looked at before a price increase is granted, I agree with you. I think it is done. I mention in my statement that in case where the profit margin is such as to absorb increases in wages that, in fairness to the employer, that should be done, but I do not think there are very many industries in this country where the profit margin is sufficient to absorb any substantial increase in wages because the proportion of wages to the average manufacturer is so high that the profit margin is not sufficient to add very much to it.

Q. In the case of the steel industry, the balance sheets that we saw here were balance sheets computed without taking into consideration the price increase. Their balance sheets certainly did not indicate their profits were taken into consideration when an increase in the price of steel was granted. For example, the Dosco balance sheets showed very substantial earnings right along the line in the case of working capital, and so forth, despite the fact that the government had subsidized that steel industry to the amount of \$6,000,000 to \$10,000,000. I would judge from the evidence we have here before this committee that profits were not taken into consideration at all, and I would judge from Mr. Gordon's answer to Mr. Johnston that it was left pretty much in the hands of the manufacturers as to what it considered a fair and reasonable profit for them. I think that is a matter that the government will have to give serious consideration if they are to maintain some balance in this country.

By Mr. Blackmore:

Q. Mr. Chairman, I gather from the words of Mr. Mitchell that all during the war the government expected more trouble with inflation right after the war than it did during the war. Did the minister agree with Mr. Mitchell in that belief?—A. That was the history at the end of the last war.

Hon. Mr. MITCHELL: I was an organized worker after the last war, and I took a terrible licking. God knows what happened to the people who were not organized.

By Mr. Blackmore:

Q. All through the war one definite part of the government's general technique for holding the line was a policy of subsidies, was it not?—A. That was part of the technique.

Q. Could the minister tell us, in the light of those two facts, why it was that the government saw fit to discontinue in large measure the policy of the subsidies right in the beginning of these post-war years? Might I refer to the minister's brief on page 2 where he says:—

A start had to be made in removing subsidies and in facing up to the higher costs which were temporarily absorbed by these wartime payments.

What I would like the minister to tell the committee is what caused the government to determine that these subsidies ought to be discontinued.—A. Of course, that was a decision made by the government. I was a member of the government when it was made. It was felt that it was part of our policy to decontrol, and as the committee knows, we are still paying subsidies on a long list of items, but it was decided that we must make a start to discontinue these subsidies; that supply conditions were getting back nearer to normal and we made that decision, and I hope we will be able to continue that policy.

Q. Perhaps the minister would grant now that the government was just a bit hasty in deciding to remove subsidies; that it should have waited until it was definitely over the top, shall we say, in the matter of supply before discontinuing them?—A. That is a matter of opinion.

Q. By the government using a subsidy instead of allowing the price of steel to rise \$5, thereby disrupting the price structure throughout the whole economy—if it was necessary to raise the price—the government would have saved itself plenty of trouble?—A. We never subsidized steel in the sense my honourable friend is suggesting during the war.

Q. What I am saying is that would it not have been the sensible thing to subsidize the steel price rather than to bring on all the trouble we now have?—A. That is a matter of opinion.

Mr. SMITH: The consumer pays all the subsidies.

By Mr. Blackmore:

Q. Exactly so, but the consumer if he paid on subsidies he would be paying them through an orderly channel.

If the war had gone on; if Japan had not crumbled and Germany had not yielded, and the war had gone on for two years more, the government would have continued the subsidies as it had done throughout the war, and would have done so to-day?—A. Not necessarily; it may have. The continuance of the payment of subsidies must be obviously looked upon in the light of conditions from time to time. If the war against Japan had continued, it does not mean that we would not have discontinued some of them.

Q. If the only means of holding the price line was by way of subsidies, you would have done it?—A. The costs in subsidies may become too great. The use of subsidies has to be very selective and studied very carefully.

Q. May I suggest that the method of handling them since the war closed was not very carefully watched?—A. That is a matter of opinion.

Q. If we had gone on with the war for two more years, we would have continued to raise victory loans and plunge into debt a few more billion dollars without thinking of it, but the government now hesitate to provide money to hold the price line by subsidies?—A. That is a matter of opinion, Mr. Blackmore.

By Mr. MacInnis:

Q. Mr. Chairman, it is very difficult to question the Minister of Finance on a statement of this kind because there is no factual material in it. It is, more or less, platitudes put together, and I am not disagreeing with him that he is right. However, I want to ask this question because I think this is the crux of the situation. The first point, on page 2, is one I would like to call to the attention of this committee: "We are faced with the immediate and urgent

threat of serious inflation right here in Canada." To-day what is the primary cause of that inflation?—A. I would say that it is not due to any single cause. I would put first that there is still a serious shortage of goods that people want. In the second place, I think there has always been some substantial wage increases which have increased costs, and there have been corresponding price increases permitted, and, of course, increased cost of imports, but that is something that is beyond our control.

Q. Would you not consider that the lagging production is a contributing factor?—A. I would say yes.

Q. We have an inflationary situation when we have more money than goods?

Mr. BLACKMORE: That is just one cause.

By Mr. MacInnis:

Q. May I ask you this? Which, at the moment, is more dangerous to the Canadian economy, almost complete disruption of industry and the stoppage of production or the 15 cents or so that the workers in some of the industries are asking?—A. Of course, I do not think there has been a complete stoppage of production. We are threatened with a serious stoppage if the production of the three basic steel plants continues to lag, but there has not been as yet a complete stoppage in Canada.

Q. Did you read the letter that the chairman of the Wartime Prices and Trade Board wrote to the Minister of Labour on July 16, which was read to this committee?—A. No, I have not read it.

Q. You should have read that letter because I think it raised the hairs on the heads of the members of this committee; I mean those that had hair.

Mr. MITCHELL: Not mine.

By Mr. MacInnis:

Q. I think our situation is this, and we have got to face it that we have to get production going. If we are willing to take a chance and wait until the workers are starved into submission, then you can get industry started, but the spirit it would cause in human bitterness would be far more appalling than the cost would be in the increases of prices now. I think Donald Gordon said that he might try to hold the line at 10 cents. I think we are paying too much attention to holding the line. There is not much use in holding the price for a shirt at \$2.50 if there is no shirt that can be bought at \$2.50. So I think we have to pay more attention to getting production going than as to whether this line is going to move either this way or that way a little bit. And, if we are keen on holding the line something should have been done to try to get the co-operation of labour and management, and only the government agencies can do that, instead of leaving the field open for them to struggle along as they have in the past. I don't find any pleasure in post mortems, but I believe the point raised by Mr. Gillis is correct when he says that if Donald Gordon had told the steel workers and the Steel Company that the increase in price meant, as he very well knew, that there was ten cents an hour for wages in the price, and had that 10 cent an hour increase been granted as of April 1, I am satisfied there would not have been any strike today. He didn't do that. He said there is something there for you, go and get it. Immediately the steel workers went to get it and naturally enough the Steel Company decided to see how little would go to the workers; and the first offer that the Steel Company made was 5½ cents, in spite of the fact that the chairman of the board said that there was 10 or 11 cents in that for the employees. So I think that what we must do is try to work out a formula to get industry going, grant what increases in wages we can now with the assurance of when industry gets going other increases will come along.

I think Mr. Abbott and various other people have mentioned the cost of living in 1939. Do you think the standard of living in 1939— —A. I haven't referred to that at all.

Mr. MacINNIS: Well, then we will say that the standard of living in 1939, the then cost of living was adequate? And are not the workers justified in view of the possibilities for increasing production in taking the opportunity to improve their standard of living? I think it is necessary to do that—to use a word that has been used quite often in the house in the last few days—in order that they can keep their virtue. After all, I imagine steel workers have virtue to keep as well as judges, and on that basis I think that should be the same. But I do urge the government and the prices board not to be so much absorbed in holding the line and give more thought to getting production going; providing, of course, you are interested in that.

Mr. DECHENE: Mr. Chairman, I have been pretty good since I have been attending the sittings of this committee. I have just been sitting here and listening to what has been going on and to the speeches that have been made. This afternoon we seem to have been getting into a sort of wide open debate so I feel that I might say something as one member of this committee representing the one part of Canada which must eventually pay if the policy advocated by Mr. Millard, by Mr. MacInnis and others here in this committee finally is adopted. I am perhaps older than anyone here, and I for one have seen what has taken place, all the difficulties in the past on the western plains which have been due to inflation and to unwise speculation. I saw the whole economy of western Canada destroyed. I was the victim of such circumstances myself on at least two occasions when I lost the accumulation of a lifetime, or at least of many years of hard work. I cannot for the moment subscribe to the recommendation that there must be an upward revision of wage rates. I do not see how it can be justified in the face of present conditions or at the present time. As I say, I have been sitting back here listening. I would be the last man to put my foot forward in this discussion, but I can no longer sit idly by. I can appreciate that wage adjustment would have some immediate benefit for the farmers in Ontario and Quebec, and possibly in the other industrialized provinces. While industry is paying big wages our markets have improved only to a certain limited extent. Mr. Millard pointed this out in his brief when he said that it would add something to the income of the farmers in the industrialized provinces. I am sure, Mr. Chairman, that any benefits which would accrue from such a procedure would be purely limited in extent, even if applied to the province of Ontario or the province of Quebec; but I can tell you this, it would not add two cents to the economy of western Canada. There would be no more wheat sold in the provinces of Ontario and Quebec. What is produced would have to be produced for export; and, with world conditions what they are to-day even these markets are closed to us.

I am sorry to have to make these remarks, but I for one, Mr. Chairman, will not stand for any increase by the Wartime Prices and Trade Board. I will fight to the utmost limit of my capacity any move which will upset the present balance in our price structure, any agency or any group that tries to keep us from holding that line which we are trying to hold to-day. We were told in western Canada just this last week, why, you can get the world market price on wheat. Where is the world market price? Who is going to pay us this thing they call a world market price, \$2 a bushel? Is it France, is it Germany, is it Austria, or is it any country in Europe. The only way any country in the world can buy our wheat today is by our giving them a credit out of which to make such purchases. We have to advance the money to them so that they can buy our wheat, our cattle and other export products to-day. And while I am on this point may I say, Mr. Chairman, that I concur heartily in what Mr. Baker said the other day, and Mr. Charlton, about the workers of Canada, the people in

industry, being subsidized by virtue of the regulated prices which the farmers, particularly in western Canada are required to take, when their wheat is at \$1.35 a bushel. They said, it is the consumer who gets the benefits, and these steel workers and other people in industry in eastern Canada are just as much consumers as anyone else. It is the farmer, particularly the farmer in western Canada who has to bear the burden in all these controls.

It is true, Mr. Chairman, that we in western Canada today have attained a certain basis of prosperity, but we achieved our position not because of the war but in spite of the war.

And, another thing, Mr. Chairman, we find ourselves today where a dollar is worth one hundred cents. That value is there why? Because of control. We have a steady demand for all the wheat, cattle and hogs that we can produce, and we are better off today than we were during the war.

Now, I want to take just a moment to say that there have been enough politics played in this committee thus far. I didn't say a word yesterday. I have been here practically every sitting and I have kept my seat and not asked a single question. And may I say, Mr. Chairman, that I am not at all critical of the way in which the government has held this line and what they have done in the way of reconversion and reconstruction. Their effort has been a marvel and we are making steady progress. It is hardly a year yet since the war with Japan ended. It will still be a few days until that first year is over, and yet we have made steady and sound progress in the direction of a return to peacetime conditions, but we have only been able to do that because of the maintenance of values which have been assured by these controls.

Mr. SMITH: Perhaps the witness would answer your question now.

Mr. DECHENE: I have not taken very much time. Still fresh in the memory of all is the spectre of depression which followed the few boom years immediately after the last great war. The western farmer has much to be thankful for, just as much as all the rest of the people of Canada have. We have assumed our share of the sacrifices, and we were proud to do so. But let me remind you of this, there is a 400,000,000 bushel crop of wheat coming out of the market right now, but what are we going to get out of it? We have seen what has happened at times in the past. We have seen the depressions that Canada has come through. We don't want things of that kind to happen again. We are watching it closely, very closely.

And now, Mr. Chairman, as you know, there is no one more generous than the western farmer. He is more than willing to share his prosperity with the rest of the country, and he is one who wants to get his share too. He wants manufacturing to prosper but he does not want it to take all the market. As Canadians we are all together in this thing and we want to keep this country on an even keel. Mr. Abbott says, you should have this much now. No one in the country knows better what the economy of the country can stand than does he, and he is the one who says to us that these controls, this price line, must be held. I say to you, Mr. Chairman, that the first man to be hurt when this line is broken will be the farmer, even before the war veteran; and the first man to be hit will be the western farmer because of or method of production, because of the nature of the things he has to produce, and because of the way in which he has to carry on.

Now, let me say this in conclusion. I say to you that if the prosperity of this country is to be maintained, it can only be maintained if adequate consideration is given to all. I assure you, but I do not want to take any narrow view of this thing, but in this connection I would like to call your attention to what Mr. Millard said on page 97 of his evidence, he was referring to the farmer, through the domestic market; he says:—

It seems to me that the farmer, he is one of our best customers—we are not going to be able to build up a manufacturing industry in this country without a farm population—he has been a very poor customer in the past—and farm expansion must be encouraged, he must have a price sufficient to enable him to enjoy a decent standard of living and to buy the things that are being made in the city.

How are we going to become good customers if we do not have markets for our products? Just let us take as an example one thing, the manufacture of farm implements. How much is the manufacturer going to make if we can get a fair return for our 450,000,000 bushels crop of wheat, for our 2,000,000 hogs and for the cattle that we will have to put on the market; and we have plenty of feed? The steel needed for the manufacture of just farm implements alone sufficient to take care of western needs will come to an enormous quantity, a volume sufficient in itself to keep the factories busy for quite a few months to come.

The CHAIRMAN: Order, please. I think I have given Mr. Dechene full latitude to express his opinion but I would remind him that our committee decided a few days ago not to permit speeches. I have also given other members full latitude in expressing their opinions on matters generally and more particularly on matters relating to the evidence given by the witnesses. I would suggest to Mr. Dechene that he conclude his speech as soon as possible and proceed with questions to the witness on the stand.

Mr. DECHENE: Well, Mr. Chairman, I am through. I have been listening to speeches here every day for the past three weeks and this is the first time I have stood up. I have only taken ten minutes of the time of the committee in which to make my speech, which I think I have a right to do; and I have tried to give you the viewpoint of western Canada on this important subject of the continuation of price controls, of holding the line.

Mr. McIVOR: Mr. Chairman, we have been listening to a good many experts the last two weeks, and they have each of them been giving us what they considered their point of view. There are a lot of people who have not been able to give us their point of view and that is the general public, and we have found that out from our correspondence. My correspondence shows me, and sometimes it comes like a demand, that you have to hold the price ceiling because most of this general public are not getting a wage increase, but will have to pay the cost. I addressed a question yesterday to Mr. Maclean as to what was the cause and what was the cure for our present trouble. Time was called before he answered. And now I gather, Mr. Abbott, of course you are holding the bag, and I think you are doing a pretty good job of pinch-hitting—and I think you have given us the cure as being, hold the price line?

The WITNESS: With greater production.

Mr. McIVOR: Thank you.

Mr. BAKER: I will refer to your brief, page 6. It has been said there is not very much basic material in this, but I fully agree with you in principle where you say:—

In countries which have gone through inflation and are in the midst of it to-day, nobody planned to rob the unorganized workers, the war pensioners, the ordinary citizens scraping to have enough for their old age, the fixed salary workers, the servicemen with his credits, or the general public with its holding of government securities.

These are the people, the ones to whom you have referred, whom I believe we must protect from being robbed. They are not organized and they have no way of bargaining to increase the income on which they live, and I think those are the people we must protect. I maintain that Donald Gordon (and I think

the majority of the committee will agree with me) is the greatest expert we have on price control in Canada, possibly one of the best in the world. I feel that we must rely on his opinion; if we do not, on whose are we going to rely? I say that we must support Donald Gordon right to the last in the battle to prevent inflation. I feel it goes much further than that. For instance, I refer to page 564 of the minutes where I asked the question:—

Q. It has been the experience we have had so far that the pattern set in British Columbia has had quite an effect throughout the whole of Canada and everyone is trying to set the same pattern; you will agree with that?—A. Yes.

I think the crux of the whole situation is to be found in the fact that whatever decision is arrived at it will serve as a pattern for industry as a whole; and that is the serious part of it, as I remarked the other day, not the ability of the companies to pay in this particular dispute. But we have to regard as the crucial point the fact that the decision arrived at in this case is going to serve as a pattern for the whole of Canada. Therefore, the point I want to get across is that we must back up Donald Gordon who is sincere in trying to maintain price control, and we cannot take a chance on a little bit of inflation in order to get the wheels going faster as Mr. MacInnis said—I am paraphrasing his remarks. I do not want the wheels to stop. We have to be willing to sacrifice a certain amount, and that is all I want to say. I think this brief is a very good brief and I hope it will be widely read throughout the length and breadth of Canada.

Hon. Mr. MITCHELL: I think Mr. Smith asked for certain information, and I have received this information:—

Cost-of-living bonus consolidated with basic wage rate February 15, 1944.

Government said it would endeavour to hold line at that point.

Cost-of-living index at February 1944 was 118·0 on basis of index 1939=100. Same index at April 1946, 119·8.

Since April 1946 the index has gone to 124·1 at July 1946.

Mr. SMITH: I wonder if the minister would also get me a copy of the judgment of the War Labour Board in connection with some small industry.

Hon. Mr. MITCHELL: What is it about?

Mr. SMITH: I do not know; it has to do with wages.

Hon. Mr. MITCHELL: 15 cents?

Mr. SMITH: I hesitate to say what it was, but I want to see it.

Mr. CROLL: I am sorry we strayed a bit today. At our last meeting we decided we would avoid reference to the steel strike. We are tying the hands of the conciliator if we express our views at this time, because we will have an opportunity at another time.

Mr. JOHNSTON: You were not so fearful of that yesterday.

Mr. CROLL: I was fearful of it all the time.

Mr. JOHNSTON: You negotiated to have the committee sit while the other body was negotiating.

Mr. CROLL: Of course I did. Mr. Abbott, I have two questions to ask you.

Mr. SMITH: You made your speech in the House of Commons yesterday while the rest of us were sitting here.

Mr. CROLL: No, no.

Mr. MACINNIS: He does not miss much.

Mr. SMITH: On Bill 251.

Mr. CROLL: I did not mention 10 or 15 cents there.

Mr. SMITH: I read your speech in the paper this morning.

By Mr. Croll:

Q. In dealing with Wartime Prices and Trade Board order 642—that is the one dealing with parity with the American dollar—do you recall this statement, that the board issued a new order, that is referring to the order covering a wide list of imported consumer goods, and these are the important words: “This allows us a somewhat smaller mark-up or profit margin that is usually obtained by distributors of some goods in Canada.” Do you recall that?—A. Yes, I remember that.

Q. I will read another question, from page 288. Mr. Robinette asked this question:—

Q. Mr. Gordon, there seems to be an impression in the committee from the evidence that has been obtained to date that it is your feeling that an increase above 10 cents an hour will affect the price level?—A. In answer to that question I do not think I can make a specific answer. I am not prepared to say in connection with the Steel company whether they can afford to pay 5, 10 or 15 cents an hour more.

And then he goes on. I do not think the rest is relevant. I do not know whether you have had an opportunity to examine the statements of the companies, have you?—A. No, I have not. I should say I prefaced my statement by saying that I know nothing about the merits of the particular steel dispute. Mr. MacInnis quite properly described my statement as being in general terms. He used the word “platitude”, with which I do not agree, but it was designedly in general terms. I am not discussing the merits of the particular dispute referred to or whether 5, 10, 15 or 20 cents is justified; I am expressing some views as to what an increase of more than 10 cents an hour in that particular dispute would be in the price control policy relying on the opinion of my principal adviser in that connection.

Q. I am reading from page 4 of your brief:—

We simply cannot dodge the fact that wage increases have the immediate effect of raising costs—or raising costs in an economy where prices are pressing hard against their ceilings. Of course, I do not say that all wage increases mean higher prices. In some cases, business can absorb increased wage costs within reasonable bounds. In some other instances, there may be a good case for moderate adjustments even when some price increase is involved.

Now, in those cases where business can absorb increased wage costs within reasonable bounds, then what you have said is not applicable?—A. That is right, unless it is unfair to a particular industry. The citation you gave there of order 642 is in the nature of a profit squeeze, because it was nothing else but a part of the policy to hold the price level.

By Mr. Smith:

Q. May I ask a question, and this is a question: As a matter of government policy, would you care to tell the committee whether, granted that something beyond ten cents is granted in the steel strike, the government will abandon price control?—A. I cannot make any statement on that now. I have endeavoured to indicate as clearly as I could that if a wage increase of more than ten cents is granted in the steel industry I believe, based on the opinion of my expert advisers—I believe it is going to be extremely difficult to maintain an effective price control. Mr. Gordon has said so. I must accept his opinion as being worth something. He said that even at ten cents he foresaw difficulty.

Now, in the face of that advice or opinion—I am not an expert—the opinion I hold must be fairly obvious. It is going to be difficult enough with the ten-cent increase. If it is more than that, Mr. Gordon pretty well implies he cannot guarantee the results. He does not believe we can successfully hold the line. That is what he says. He may be right or wrong. I think he is right.

Q. You think what would happen would be fairly obvious; you mean the government would have no other option than to abandon price control?—

A. I do not know that we would quit quite as rapidly as that, but I think that we would be faced with a pretty substantial increase in prices, and as I said in my statement—I have forgotten the language I used—

Q. Do not worry about that; it is perfectly safe, that statement.

Mr. JOHNSTON: It was carefully prepared.

The WITNESS: It was carefully thought out, I can assure you of that.

By Mr. Smith:

Q. It was your statement that impelled me to ask that question.—A. The phrase I used was: "At any event, it is a certainty that we should soon find ourselves in a new and more severe cycle of price increases, even if we succeeded in maintaining some semblance of price control." I was referring to the effects of widespread and large wage increases, and I went on to say that with such increases it is certain that we would find ourselves in a new and more severe cycle of price increases even if we succeeded in maintaining some semblance of price control.

Mr. JOHNSTON: As the witness is taking the place of the Minister of Finance he speaks with a great deal of authority. He has taken considerable time preparing this brief and presenting it to us and has been most anxious in his answers. Being a lawyer he would take that attitude. I am not criticizing him for that, but he has most definitely asserted the government policy here in stating that anything above a ten-cent increase would be fatal—would that be a fair interpretation?—practically fatal; shall I use that term?

The WITNESS: I never like over-statement. I say it would be extremely dangerous.

By Mr. Johnston:

Q. The simple question is this: in what position is the committee which is negotiating this matter? What position are they in negotiating a wage agreement, especially anything above ten cents, in view of your statement?—A. I can only answer your question in this way: I think it should give careful consideration to my statement. They will take my statement as they will any other statement. I think they should give careful consideration to it, careful consideration to the possible results of recommending some higher rate. That is the only way I can answer your question.

Q. The difficulty is that they are already negotiating and have been now for a day and a half, and they may have come to some conclusion and your statement might upset the whole apple cart.—A. Perhaps they could change their mind. I do not know; I am not on the committee. I am expressing my views as acting Minister of Finance. It is true I am expressing an opinion, and it is true that I am expressing it in rather broad general terms, but what I said today is far from a platitude. There is real meat in this statement, and I think the committee will realize that.

Mr. MACINNIS: I wonder if the Department of Labour would get for the committee a list of the increases in wages up to 15 cents an hour granted within the last three months, giving the organizations concerned, and whether those increases have been approved by the regional or the National War Labour Board?

Hon. Mr. MITCHELL: Increases of 15 cents an hour?

Mr. MACINNIS: Up to and including 15 cents or beyond, an hour.

Hon. Mr. MITCHELL: The point is that you want speed; speed is the essence of the thing; you want all the increases granted from one cent to 15 cents?

Mr. MACINNIS: No; increases to 15 cents an hour.

Hon. Mr. MITCHELL: I will get that.

Mr. MACINNIS: Or from 10 to 15 cents an hour.

Hon. Mr. MITCHELL: I think that could be done.

Mr. MACINNIS: Together with the organizations concerned and the companies concerned, and whether those increases have been approved by the regional board or the national board.

Hon. Mr. MITCHELL: It will take some time. I could have that wired this evening to the regional boards. I assume they will write back their replies because they are dealing with dozens and dozens of applications when you go from 10 to 15 cents. Take the building trades alone in the provinces of Quebec, Saskatchewan, Manitoba, Alberta, British Columbia—all the provinces—and see the amount of work involved. Would 15 cents an hour do? What do you want me to do?

Mr. MACINNIS: I want the information particularly in regard to increases of 15 cents an hour.

Hon. Mr. MITCHELL: There are hundreds of them at 10 cents—literally hundreds. The 15 cents is what you are asking for?

Mr. MACINNIS: 12½ to 15 cents.

Hon. Mr. MITCHELL: All right.

By Mr. Blackmore:

Q. May I ask the minister one question? If Mr. Gordon could be supplied with sufficient money to enable him to subsidize the prices to provide price rises would he have to be afraid that a 15-cent wage increase would endanger the price control line?—A. That is a difficult question for me to answer. I am afraid I would have to be a believer in my hon. friend's broad economic theories in order to answer that statement.

Q. I am not speaking of my theories, I am asking the minister to use the orthodox money system he has been using. Suppose he raised the money by a loan and provided it to Mr. Gordon? I am getting tired of getting my questions referred to as my theories.—A. I apologize. This is not a question of raising money; this is a question of raising the cost.

Q. The minister knows that during the war the costs of many things were kept down and prices were kept down even when costs increased?—A. Yes, that raised the real cost. All we did was spread the added cost over the whole population, taxing them to pay the subsidies. I said a moment ago that subsidies can only be used to a limited degree and on a carefully selected basis. If you subsidized everything, it is a wholesale price matter.

Q. How much must they be limited and how carefully must they be selected?—A. That is a matter of judgment.

Exactly so; and the minister is not in a position to announce any more than anyone else. If it is a question of getting the people back to work; if it is a question of preserving the whole Canadian economy, surely the risk is worth taking to raise money to subsidize prices to maintain the price line.

The CHAIRMAN: Is it the desire of the committee that we sit tomorrow morning?

Mr. SMITH: Yes. Get Mr. Conroy here.

By Mr. Gillis:

Q. When the companies or the corporations or the manufacturers go to the Wartime Prices and Trade Board and seek a wage increase or an increase in prices does the Wartime Prices and Trade Board demand an audited statement from them as to their financial position?—A. I understand that they do require most elaborate statistical information and audited statements and the most complete information as to their financial position; and I believe that to be the case. I cannot speak from personal experience because I do not pass on these things in detail.

Q. I will call your attention to a telegram I received—

The CHAIRMAN: Is that the Webber telegram?

Mr. GILLIS: Yes.

The CHAIRMAN: That matter has been sent to the steering committee today and I wish you would allow the matter to stand now and I will let you know the decision of the steering committee.

Mr. GILLIS: I understood the steering committee was going to deal with it, but the steering committee does not keep us informed, and this committee have to get all the information they can.

The CHAIRMAN: You have a member of your party, Mr. MacInnis, on the steering committee, and I think the proper procedure to follow is to get the information from him.

The committee adjourned to meet again on Wednesday, August 7, 1946, at 11.30 o'clock a.m.

APPENDIX A

(SYDNEY STEEL PLANT)

STATEMENT OF DOMINION STEEL & COAL CORPORATION

Comments Upon the Submission of C. H. Millard Presented to the Committee on July 31, 1946 and following.

Mr. Millard has placed before the Committee a host of figures which, he argues, support the contention of the Union that increased wages and shorter hours at the Sydney Steel Plant can be justified from the point of view of industrial economics.

Examination of these figures discloses that, apart altogether from what we consider to be their absolute irrelevance to the dispute, they are in many instances inaccurate and, therefore, misleading.

The submission was first made available to us on Saturday the 3rd instant so that it has been impossible to attempt any detailed critique either of the figures or the argument. But the following general observations seem to be in point.

Mr. Millard avoids discussion of the sole and only issue with which the Committee is concerned in respect of Dominion Steel and Coal Corporation Limited.

This issue arises from a dispute between the employees of the Sydney Steel Plant of the Corporation and the Management of that plant. The dispute, in so far as the employees are concerned relates chiefly to wages and hours of work. From the management's viewpoint important questions of intermittent and unjustified interruption of production are also involved.

In respect of the Union's demand for increased wages and shorter hours, the management has indicated that its operations are now losing money and can only be carried on with the aid of moneys provided by the Federal Treasury. In support of the contention that the results of the operation of the steel plant are inadequate to meet present costs, to say nothing of any increase due to additional wages or shorter hours, the management has provided the Committee with operating figures of the Sydney Steel Plant for the years 1939 to 1945 inclusive, duly certified by the Corporation's auditors.

At the request of the Committee these auditors have been instructed to prepare for the Committee financial statements showing the assets and liabilities of the Sydney Steel Plant for the same period.

When these figures are available it will be possible, if they are relevant to the present dispute, to assess their import in the situation. In the meantime the position of the management remains as it was, namely, that there can be no question of further increase of any controllable cost in an operation which is presently incapable of meeting the expense of conducting it. And the management is at a loss to see how any change in that situation could develop from a study of a balance sheet of the Sydney Steel Plant.

Mr. Millard's statement of his case would seem to imply that in order to meet the Union's demands every asset of an enterprise including the reserves which are its only guarantee of continued existence must be consumed. The most elementary concept of the economics of industry would negative this proposition as unsound and as being highly prejudicial to the economic security of the employees and of the enterprise.

It is important to note that Mr. Millard's submission omits any mention of the attitude of the Union and its leaders to the highly important question of jeopardy to the industry through failure of the Union to maintain continuity of production by adherence to and fulfilment of its obligations as a contracting party with management.

While the management of the plant deplores the loss of production and the consequent inconvenience to the public for which the present work stoppage is responsible, and is most anxious that its operations be resumed as early as is possible, it will find it difficult, if not impossible, to enter willingly into any agreement for settlement of the dispute which does not include satisfactory guarantees that obligations undertaken by the Union on behalf of the employees will be observed to the letter. In other words the same respect for the obligations of a collective agreement as is required from the employer should be exacted from the employees.

Mr. Millard also omits to mention the formula of the Union, if any, to impose reduced hours of work upon employees who have already carried their objection to such reduction to the point of a strike in protest against it.

These latter points appear to be of little interest to the Union, but any student of the history of the relations of the Sydney Steel Plant and its employees should realize that they are of major consequence to the continuance of our operations, which in the final analysis is of the utmost importance to the employees.

C. M. ANSON,
General Manager.

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SESSION 1946
HOUSE OF COMMONS

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

WEDNESDAY, AUGUST 7, 1946

WITNESS:

Mr. Pat Conroy, Chairman, Wage Co-ordinating Committee, Canadian
Congress of Labour, Ottawa, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

WEDNESDAY, 7th August, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Belzile, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lockhart, Maybank, Merritt, MacInnis, McIvor, Mitchell, Ross (*Hamilton East*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

On a question of privilege, Mr. MacInnis stated that he was inaccurately reported in this morning's *Ottawa Journal*.

The Chairman promised that a question asked by Mr. Blackmore respecting adequate wage rates would be referred to the Steering Committee.

Mr. Pat Conroy, Wage Co-ordinating Committee, Canadian Congress of Labour, Ottawa, Ont., was called and sworn. He stated that he had a brief prepared and that, as well, he had five main documents to present to the Committee.

Mr. Conroy commenced the reading of a brief from the Wage Co-ordinating Committee of the Canadian Congress of Labour.

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m., this day.

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lockhart, Maybank, Merritt, MacInnis, McIvor, Mitchell, Skey, Smith (*Calgary West*).

In attendance: Mr. Lieff, of Counsel for the Committee.

Mr. Conroy was recalled. He resumed and completed the reading of the brief of the Wage Co-ordinating Committee of the Canadian Congress of Labour, and was questioned.

The Committee adjourned at 5.30 o'clock p.m., until Thursday, August 8, at 11.30 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

August 7, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 o'clock a.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: Order, gentlemen.

Mr. MACINNIS: Mr. Chairman, I rise on a question of privilege. In this morning's edition of the *Ottawa Journal*, I am reported as follows:

Angus MacInnis, C.C.F. member for Vancouver, suggested that the government should "let it go", on the basis that uncontrolled wage increases would do less damage than industrial paralysis from strikes.

I wish to protest this falsification. I have never advocated uncontrolled wages. Incidentally, we have been discussing wages between 10 cents and 15 cents and put 15 cents as uncontrolled wages. I was not the one who started it or approved of it. If the tycoon who edits the news for the *Ottawa Journal* was less interested in making propaganda for one party or against another, it would be more in the interest of what we are trying to do.

Mr. BLACKMORE: Mr. Chairman, may I ask you three questions regarding your steering committee? Have the steering committee given attention to the advisability of calling before the Industrial Relations Committee witnesses as to why and how it is possible for the Canadian economy to provide Canadian steel workers with a wage rate enabling them to enjoy a living standard of decency and health and to provide such without injury, prejudice or detriment to other producers or consumers in Canada? Before you answer that question, I want to continue—

The CHAIRMAN: The answer to that is no.

Mr. BLACKMORE: Will the chairman report to us the endeavours in this regard? That need not be answered in view of the answer to the first question. Will the chairman place this matter upon the agenda of the steering committee and underline this item for immediate consideration and report?

The CHAIRMAN: I will certainly do that, Mr. Blackmore. We are to hear Mr. Pat Conroy this morning.

Pat Conroy, Chairman, Wage Co-ordinating Committee, Canadian Congress of Labour, called and sworn:

By Mr. Lieff:

Q. I understand that you are executive secretary of the Canadian Congress of Labour?—A. Yes.

Q. You are also chairman of the Wage Co-ordinating Committee of the Canadian Congress of Labour?—A. Yes.

Q. Would you tell the committee what the structure and function of the Wage Co-ordinating Committee is?—A. I have already described that in the brief.

Q. Would you state now whether there are any members of your congress involved in strike-bound plants?—A. Yes, we have membership of the United Radio and Electric Machine Workers of America; members of the Automobile and Farm Implement Workers of America; members of the United Rubber Workers of America, and members of the International Union of Mine, Mill and Smelter Workers of America.

Q. Can you tell me what plants are involved?—A. I can give you that information later.

Q. I notice that you have prepared a brief; will you proceed with that, Mr. Conroy?—A. Yes. Before proceeding to read my brief I should like to provide you with the information that I shall have five main documents to present to the committee. One will be the general brief of our wage committee and another will be a running story of the price adjustments made by the Wartime Prices and Trade Board from V.-E. Day up to May 29 of this year. I am introducing that document because, as a listener in the hearing here, I remember distinctly Mr. Case or Mr. Smith asking for information along these lines. In addition to that I wish to introduce a brief from the United Radio and Electric Workers of America; one from the Automobile and Farm Implement Workers of America, and one from the United Rubber Workers of America. I shall be personally answerable to the first two briefs. With regard to the three briefs that come from the different organizations, I would request that if the committee desires to question on them, that they would get better information from the heads of these organizations, as they involve much detail that I am not personally acquainted with. I think they should go on the record. With your indulgence, I will now proceed with my own brief:

BRIEF

SUBMITTED TO INDUSTRIAL RELATIONS COMMITTEE OF THE HOUSE OF COMMONS BY
THE WAGE CO-ORDINATING COMMITTEE OF THE CANADIAN CONGRESS OF LABOUR

Mr. Chairman and Honourable Members of the
Industrial Relations Committee:

The Wage Co-ordinating Committee of our Congress has selected me as its spokesman before your committee. The Congress Wage Committee is a voluntary advisory sub-committee of the executive council of our Congress, and was appointed by the Executive Council to deal with wage matters, just as other sub-committees are appointed from time to time to deal with specific matters. As I have said, representation on our wage committee is voluntary, each affiliated union having the right to withdraw from the committee.

Its main purpose is to conduct an over-all review of the wage situation throughout the country, and from time to time, to make recommendations as to what policies are suitable to the best interests of our several organizations. Such recommendations do not in any way interfere with the right of each affiliated union to decide on its own wage program, this prerogative lying with the affiliated organization and to be exercised in the light of the circumstances facing each individual union.

Because of the fact that a number of our Congress unions have a percentage of their memberships now on strike, it was the opinion of the Wage Co-ordinating Committee that we should present to you a general review of the present situation, explain what has led up to it, and, if we may, submit recommendations as to what might be a permanent solution to prevent a recurrence of the present unrest.

In conjunction with all other citizens we regret the strikes now in effect, and we believe that they have been brought about by lack of any proper policy to prevent them, as well as by lack of consideration of how that policy might be applied. We propose, therefore, to deal with the entire picture as affecting wage matters, and we should like to take the liberty of commenting on previous evidence that has been submitted by a number of individuals before your committee. We shall do our best to retain an objective approach to the whole situation, and we hope that our comments will serve a worthwhile purpose.

The present unrest and strike situation throughout the country are, in our opinion, inevitable—the automatic outcome of lack of proper consideration of the role played by wages and industrial relations generally in the affairs of our country. It is our belief that with the rising industrialization of the dominion, the manner and method with which industrial relationships are handled will determine whether our country will prosper or founder.

In this regard, therefore, we hope to be able to prove to you that industrial relationships have not been given the degree of consideration by the government or by parliament that they warrant, and because of this neglect we find ourselves faced with a problem with which, seemingly, there is no machinery ready to cope.

The fact that the House of Commons has seen fit to appoint a committee of its members to go into the whole question of industrial relations is, I think, evidence of our conclusions in this respect.

When our wage committee says that the present unrest is inevitable, we have in mind that this inevitability arises principally from two factors: One is the comparative youth of large scale industrial enterprises in this country and of trade unions in many industries; the other is that to our way of thinking, the government has shown a lack of foresight in meeting this situation.

Trade unionism in Canada has yet to be accepted as an institution by the general run of Canadian employers. Comparison of the Canadian trade union structure with that of Great Britain does not give a correct analysis of the Canadian situation. Canadian industry and Canadian trade unions are, at the moment, going through a situation parallel to that which British industry and British trade unions went through more than a generation ago. Trade unions in Great Britain are generally regarded as part of the nation's fabric; in Canada they are, by and large, still regarded as having nuisance value by a large section of employers. Because of this, Canadian trade unions, in the mass industries particularly, are restricted to an agitative status, and generally in negotiations and relationships the employer and the trade union representative are committed to the role of Greek meeting Greek.

The Congress has viewed this situation with some concern, and on a number of occasions has made submissions to the government with a view to laying a foundation in the realm of industrial relationships that would prevent industrial disputes and help to maintain maximum peace in industry. During the war our Congress said to the government: "Now is the time to lay a foundation for industrial peace in the years ahead." We asked the government of the day to sponsor a program of industrial councils. In each industry the council would be formed on a tripartite basis of representatives of industry, labour and the public. These industrial councils would be, in effect, boards of management in their respective industries and would have the right to discuss all matters relative to maintaining peace in each industry. In short, the jurisdiction of each council would be all-embracing, and take in production, wages, practices, and anything and everything that would have to do with the welfare of the industry and in developing and maintaining good relationships.

It took us a long time to convince the government that there was something worthwhile in the idea of industrial councils. The government itself was hesitant and further advised us that upon taking a poll of employers in general it was found that they were not too receptive to the idea. Subsequently, a labour advisory committee to the Minister of Reconstruction was set up and matters, such as the industrial council idea, were discussed at some length. It was proposed that a number of basic industries be selected with a view to having employers and unions meet for the purpose of laying the groundwork for the future development of these councils. The steel industry and the automobile industry were two of the industries selected.

It was found that in the case of the automobile industry, the government could not induce the employers to sit in with the union representatives. Some work was done in bringing together representatives of the steel industry and representatives of the United Steelworkers of America, but as a result of an incident between representatives of the United Steelworkers of America and the Minister of Reconstruction, nothing more was done about setting up an industrial council in the steel industry.

To all intents and purposes the labour advisory committee has disbanded, and nothing more has been done about the proposal of the Congress to set up an industrial council in each industry. In the meantime, employers and our trade unions remain at arms' length, and outside of the customary controversies arising from negotiations in wage matters, there is no intimate contact between union representatives on the one side and employers on the other, on any basic problems of any particular industry.

The Congress and the Government's Wage Policy

Now, as to wages. During the war the Congress asked the government on a number of occasions to investigate the wage situation in each industry throughout the country with a view to securing information that would be of value to the government, to employers and to the trade unions, with the aim of developing a uniform wage structure in each industry throughout the nation. Generally speaking, the government was lukewarm to our proposal, taking the view that in peacetime, wage matters in general were under the jurisdiction of the provinces, and in any event considering the task so stupendous they would not be in favour of this overall investigation.

An exception to this general attitude was the attitude of the Chairman of the National War Labour Board at that time. Mr. Justice C. P. McTague, together with his colleagues, conducted a survey of wages in the shipbuilding industry, with a view to establishing some degree of parity between the different regions throughout the country. The results of that investigation were quite helpful, and the means of wiping out grievous wage differentials existing in the shipbuilding industry, and thus bringing about relative stabilization of wage classifications in different areas on something approaching a parity basis.

All during the war, there was conflict between labour and the government on wage policies. The program of the government was that with a shortage of goods price levels had to be maintained, and since that was so, wages had to be rigorously controlled in order to maintain the price levels. The theory of the government and its advisers was that if there was any flexibility in wage adjustments, prices would automatically rise, and we should be subjected to varying degrees of inflation.

Our Congress has never agreed to this contention of the government or its advisers. We agree that wages are an element in the final cost of any commodity; but we do contend that they are not, as the government theorizes, the only element, and hence we do not hold that a general wage adjustment would render price increases either inevitable or automatic.

In asking for a general investigation into wages and the stabilization of wages, the Congress had in mind that because of the lack of attention to wage matters in former years, there were many black spots throughout the nation where wages were particularly low, and that during wartime, when the country was relatively prosperous, it would be more advantageous to apply such wage stabilization then, than to wait until the postwar period when employers would be less subject to social control. In spite of labour's attitude, the government continued with its rigid control of wages. Regulations were changed from time to time, but, in effect, they remained just as restrictive as they were prior to amendments that were allegedly made to liberalize such regulations.

The attitude of the personnel of the National War Labour Board was almost as rigid. During the chairmanship of Mr. Justice C. P. McTague, there seemed to be a desire to view the wage situation on a planned basis, and during this time there was also evidence that, had he continued in such a role, we might have been able to lay the foundation for stabilization in a number of industries, as well as in the shipbuilding industry. However, his successors were extremely rigid in their attitude on wages; apparently, no margin was being allowed for error in the government's program. So far as our Congress could see, there was little desire to look upon wages, not only as an economic problem, but also as a human problem. Generally speaking, the view of the chairman and his colleagues on the National War Labour Board was on a judicial level. The effect of an inflexible approach to the solution of the wage-problem was a large-scale development of lack of confidence in the National War Labour Board.

Not only were the rigid wage regulations in conflict with labour's desires, but we felt that as a result of the frustration in the ranks of labour, this hard and fast attitude toward wages by the National War Labour Board was a barrier to better production during the war years.

The time arrived when most unions completely lost confidence in the personnel of the board, and in the wage regulations themselves. Labour's particular complaint about the National War Labour Board is that labour has never been consulted with regard to labour representation. We are not reflecting upon the individuals on the board to any degree, but we do claim that labour has the moral right to designate its own representative, and this right, at least during the term of the last three representatives who claimed to represent labour, has never been accorded to us.

With the almost wholesale lack of confidence in the board, the wonder is that many more strikes have not taken place. The reason that they have been minimized has been largely the forbearance of the rank and file of the trade union organizations and the restraining influence of the leadership of those organizations.

Shortly after the end of the war, our Congress made representations to the government to the end that wage-regulations be liberalized as a preventive of further aggravation of unrest in the trade unions throughout the nation. The lid had, figuratively, been put on wages for a period of nearly six years, and it was inevitable that, unless the pressure was eased, the lid would blow off. This was pointed out to the government, and before Christmas of last year the government decided to change the wage-regulations. At the same time it suggested that employers and trade unions might be empowered to negotiate wage increases to the extent of five cents an hour, as well as providing for freedom of negotiations covering vacations with pay, premium pay for off-shift work and other incidental matters. The government asked our Congress for its opinion of its proposals, and after several weeks of consideration, we wrote to the Deputy Minister of Labour, late in January last, making the following suggestions:

1. There should be a free range for negotiation between employers and unions of at least ten cents an hour, with a further proviso that, where reduction in hours of work is agreed upon, or has been effected, provision should be made for a larger amount than ten cents an hour.

2. The National and Regional War Labour Boards should have authority to increase wages to such levels as are deemed fair and reasonable, thus eliminating the provision "for the same or comparable work in the same or similar localities." In short, in order to meet the need of constant production and of a high living standard the use of obscure language and equally obscure interpretations should be discontinued.

In addition to these proposals, we wrote in part as follows:

"The foregoing are the minimum that labour can subscribe to in the present transitional period. We believe that, in view of the existing situation in the United States, and the expected impact of the results of the same in this country, wisdom should dictate a liberal and orderly process of transition rather than the amendment of the regulations within narrow limits, which would undoubtedly be unsatisfactory and open the gate to a deluge of wage controversies and possible dislocation throughout the country."

"It may be said that having started in the United States, the deluge may be beyond us in any event, and, therefore, why bother about an orderly transition. This would seem to us to be specious reasoning, and its only effect would be a partial halt to reconversion, with continued shortages of goods and the inevitable breaking down of resistance to maintaining an economic price level. The question to be considered is whether we should move in advance of the heavy impact of these situations or wait until we cannot control them."

Despite the submissions of the Congress along the lines referred to above, not only was our plea disregarded, but even the original proposal of the government to allow employers and unions to negotiate to the extent of five cents an hour was withdrawn. The wage regulations were amended, with the injunction that they would provide greater leeway in securing wage adjustments.

Almost immediately, a test of the new amendments was seen in the joint application of the Canadian Brotherhood of Railway Employees and other transport workers representing the employees of the Canadian National Railways and the Canadian Pacific Railway Company, and of the two railways for an increase slightly over \$12 a month for employees of the hotels operated by the two railroad systems. Supplementing this joint appeal was the guarantee by the employers that prices would not be raised. Despite this, the National War Labour Board rejected the joint application, the result being that the employees of the Chateau Laurier and other hotels threatened to go on strike. The effect of this threat was that within a span of a few days, the increases were granted by the National War Labour Board.

In short, despite the amendments to the regulations, the attitude of the board was much the same, and the governmental approach to solving the wage problem had not changed.

From then on it was a hopeless proposition to ask unions, particularly those in the mass industries, to go before the National War Labour Board. Subsequently, a strike took place in the British Columbia logging industry and as a result of the appointment of a government conciliator in the person of Chief Justice G. M. Sloan, of British Columbia, an increase of fifteen cents an hour was agreed upon, with an additional three cents per hour to cover overtime payments after forty-four hours. This applied to seventy-five per cent of the British Columbia loggers and mill workers, and in the interior of the province where the remaining twenty-five per cent are operating, a basic increase of ten cents per hour was agreed upon, to be superimposed on increases in almost

all wage categories thereby making the wage increases for the interior of British Columbia anywhere from twelve cents to as high as twenty-two and twenty-four cents an hour.

The Minister of Labour has tried to deprecate the increases in the logging industry by stating that they represented an overall increase of ten cents an hour, but this is not in accordance with the facts.

The Minister of Labour, through the Acting Chairman of the National War Labour Board has seen fit to deprecate the attitude of labour by stating that, as a result of the operations of the Regional and National War Labour Boards, there has been a total increase of \$282,000,000 per year in wages. This would seem to be a tremendous wage adjustment, and the figures are very impressive, but when they are examined, they substantiate the case of labour against the national board itself.

Taking a round figure of two-and-one-half million workers in all occupations, the amount of increases allegedly brought about by the labour boards would give each worker an increase of \$113 per year, and on the basis of three hundred days per year, it would amount to thirty-seven cents per eight-hour day, or less than five cents per hour.

May I say at this point, interpolating, that I have omitted to take into consideration the \$90,000,000 credited in addition through the payment of cost of living bonuses. Adding that to the stated figure of \$282,000,000, the total increase per worker would be less than 6½ cents per hour.

The vast majority of these increases were granted upon applications by employers, and generally were given ready approval by regional Boards across the country, or by the national board.

These figures seem to speak for themselves, and I think, substantiate the feeling of lack of confidence of labour generally in the National War Labour Board.

Recently, the Minister of Labour announced that anything over ten cents an hour would cause inflation. Why the figure was set at ten cents an hour has not been explained by the minister. More recently, this position has been supported by Mr. Donald Gordon, Chairman of the Wartime Prices and Trade Board. It is rather peculiar that Mr. Mitchell should make this statement only a few weeks after the settlement in British Columbia which was negotiated and recommended by the government conciliator in the person of Chief Justice Sloan. Why there is this contradiction, we are frankly unable to understand. Why an increase of eighteen cents an hour was not decried by the Minister of Labour as inflationary but was allowed, and is now being theoretically banned, passes our comprehension.

We are especially mystified in view of the fact that the minister three times publicly, gave the Sloan award his enthusiastic blessing, and twice, publicly, urged the union to accept it. On June 4, he told the House of Commons: "I believe it is sensible, it is fair, and it is sound. I hope the I.W.A.—that is the International Woodworkers of America—will have the good sense to see to it that they recommend it to their membership." (*Hansard*, p. 2217). On June 18, he said: "Chief Justice Sloan has made a recommendation for an increase of fifteen cents an hour These proposals have been accepted by the operators. In my judgment the yare fair and reasonable and should be agreed to by the men. I would urge upon them that they adopt the proposals and go back to work. It is my earnest wish that members of this House use their influence to bring about an acceptance of Commissioner Sloan's proposals and a return to work." (*Hansard*, p. 2682). Later the same day he said: "I am happy to tell the House that I have been informed through Chief Justice Sloan that both parties to the dispute have accepted the advice given them." (*Hansard*, p. 2683).

A number of industries have also secured wage adjustments between employers and unions to the same extent. In several cases, the joint applications of employers and unions in agreeing to fifteen cents per hour are being rejected by a regional board.

It might well be asked why labour will not accept ten cents an hour now as its minimum figure. The Congress submitted the figure of ten cents an hour in the month of January as the amount which would carry the country through the difficult transitional period. The answer to that is very obvious: The cost of living has gone up roughly five points—I interpolate at this point that since that period it has gone up 6·2 instead of 5 points—since the time the officers of the Congress suggested the figure of ten cents an hour, which would now be the equivalent of slightly over five cents per hour, and is, therefore, no longer valid.

The idea of the Congress in submitting a figure of ten cents an hour increase, in January, was that prices could be held. Had the government come out and voluntarily offered to adjust wages to this extent at that time, this gesture of the government would have been well received by the vast majority of trade unionists throughout the country, and would have tided us over the difficult period until greater production was achieved, and until trade unionists could have considered their ultimate wage-program.

We believe that action which would have prevented the present crisis was not taken by the government, and that its continuance of its rigid wartime control of wages is responsible for the present deplorable situation.

Mr. Donald Gordon's Evidence

Mr. Donald Gordon, in his evidence before this committee, in effect took the position that no industry can grant an increase of more, or “substantially” more, than ten cents an hour, without wrecking the system of price control (pp. 297, 298, 313, 316 and later). This assumes (a) that every wage-increase means an increase in costs and every cost-increase an increase in prices, and (b) that the results of a ten-cent wage-increase would be just about uniform for all industries. Neither assumption is justified.

In the first place, Mr. Gordon himself admits that increased productivity could be a “very important offsetting factor” to wage-increases: “If you could establish a position where you could have increased productivity while increasing your cost, then it is perfectly all right to increase wages.” (p. 296). Again: “We have had wage-increases of 40 per cent. If that had been offset by productivity, we would not be worrying about inflation. The question you must ask yourself is whether you can put anything on top of that, and if you add 20 per cent on top of that and where you then can argue that labour productivity has increased up to 168 per cent, then there is no danger.” (p. 306).

The next two sentences I should like to delete because, upon re-examining Mr. Gordon's evidence, I notice he has made some qualifications as to the effect of productivity resulting from wage increases and we do not want to be unjust to Mr. Gordon.

By Mr. Johnston:

Q. Would you mind reading the two sentences you want to have deleted?—

A. “But he denies that wage increases may themselves cause increased productivity. In this denial he sets himself against practically every economist from Adam Smith on; he affirms, in the teeth of a century of industrial history, notably in the United States, that higher wages have no effect on the workers' health or ability and willingness to work, no effect in promoting greater technical and managerial efficiency.”

Q. You want that struck out?—A. Yes.

By the Chairman:

Q. You want that struck out of the record, too?—A. Yes.

The CHAIRMAN: Mr. Reporter, strike that out of the record.

The WITNESS: Actually, of course, an increase in wages may increase productivity per man-hour to such an extent that there will be no increase in labour costs, or even a decrease; and it is at least highly probable that it will cause some increase in productivity, so that any increase in labour cost is likely to be less than the increase in wages. But Mr. Gordon apparently allows little or nothing for this factor.

In the second place, an increase in costs does not necessarily mean an increase in prices, especially under a system of price-control. It depends on the profit position of the industry. The increased wages may come out of profits. Of this we have had ample proof, during the war, in the operations of the Wartime Prices and Trade Board itself. Indeed, Mr. Gordon himself admits (p. 296) that "there are industries which probably under present-day conditions could absorb X without difficulty in cost increase." The eminently respectable League of Nations Delegation on Economic Depressions, of which the Canadian members were Mr. Graham Towers and Mr. Louis Rasminsky, discussing wage-policy under full employment, observes that "inflationary processes are likely to begin whenever wages increase more than productivity, unless—and the qualification is important—excessive profits are being earned and the profit margin can be cut without hindering enterprise." (*Economic Stability in the Post-War World*, p. 204).

In the third place, as Mr. Millard pointed out, the results of a ten-cent wage increase are most unlikely to be anything like uniform for all industries, because both the importance of labour costs and the profit position vary so widely from industry to industry. To set a rigid limit of approximately ten cents for all industries is, therefore, manifestly unwarranted and unsound.

Mr. Gordon is very emphatic that price control cannot work without wage-control (p. 335). But he made it very clear that the machinery for price-control and the machinery for wage-control are, and in his judgment ought to be, absolutely distinct: "There are two watch-dogs; one has to do with price-control, and the other with wage-control." (p. 333). He never has told a war labour board what was the highest increase it could grant without wrecking price-control. He would consider it "wrong" to do so, "wrong" to "superimpose [his] judgment" upon that of a War Labour Board. In the case of steel, when the price-increase was under consideration, he "gave no information to anyone" on this point (p. 330); no specific figure of wage-increases was mentioned in the discussions before the Wartime Prices and Trade Board. Not even the Deputy Minister of Labour was given any inkling that a figure larger, or "substantially larger", than ten cents would make Mr. Gordon's job "unmanageable". The Wartime Prices and Trade Board simply granted a price-increase which allowed for a range of profits and a range of wage-increases (p. 295), leaving it to the companies to decide what profit was "reasonable", and, therefore, what wage-increases they could afford to pay; leaving it to collective bargaining and the war labour boards to decide what the increases would actually be (pp. 329-30 and later). A wrong decision by the companies or the war labour boards, a decision to grant an increase of more, or "substantially more", than ten cents, might wreck the price-control system and plunge the national economy into chaos. But Mr. Gordon's lips were sealed; sealed, that is, until the strike had actually broken out and was having "a crippling effect" on the economy. Then, and then only, his mouth was unstopped, and he suddenly found it not only possible, but imperative, to attempt to "superimpose" his judgment, to give a specific figure beyond which any increase, or any "substantial" increase, would be disastrous; a specific figure which, by a singular coincidence, is precisely that

of the Steel Company of Canada! It would have been "wrong" to give a figure when there was a chance of preventing the strike; it becomes right only when the strike has already occurred, and one of the companies has stated the limit beyond which it will not go.

If Mr. Gordon was convinced that a wage-increase larger, or "substantially larger", than ten cents would make price-control impossible, was it not his duty to say so, plainly, to the companies and the union, at the time the price increase was being considered? Why were the companies, the union, yes, even the Department of Labour, kept in the dark on this vital point until after the strike broke out? Why were they allowed to go on stumbling blindly toward what Mr. Gordon now reveals he considered a precipice?

Actually, it is no coincidence that Mr. Gordon's figure and Stelco's figure for a "reasonable" wage increase are the same. It is, whether he realizes it or not, the inescapable logical consequence of Mr. Gordon's own theory, his basic principle that "reasonable" profit comes first and wages get what is left, and that the employers are the sole judges of what is a "reasonable profit". At least four times he reiterates that principle: on pp. 308 and 327 and twice on p. 329. The fullest and most uncompromising statement is on p. 329. In answer to a question by Mr. Johnston, he replied, "Now, it was quite evident that there was a certain amount in that \$5 which had been allocated for wages?" Mr. Gordon replied: "*No, not necessarily; that is the point I have been labouring to bring forward. That was dependent entirely on the decision of the management of the Steel Company as to what profit level they were willing to operate on; and they could quite easily and quite reasonably have taken the attitude that they could not afford to pay anything for wages because they were not earning a profit amount anywhere near the amount which they ought to be earning by pre-war standards in relation to the volume of production that they are now undertaking. I have already told you that the Steel Company had reached a production two and one-half times their pre-war volume.*" (Emphasis ours.)

Mr. Gordon refused to consider imposing any restrictions on the company's absolute freedom to decide for itself, finally and without appeal, what profit was "reasonable". "If", he said (p. 332), "we had to come along and suggest what the wage-increase should be or could be, then we would be in the position of telling the management what profits they ought to earn. We are not a profit control body; we are a price control body."

It follows that if the Steel Company of Canada had, in fact, taken the position that the whole of the price-increase was needed to give it what it considered a "reasonable" profit (whether two-and-a-half times its pre-war profit, or less, or more), and that, therefore, there was nothing left for wages, Mr. Gordon would have been obliged to say that *any* wage-increase would wreck the price-control system. When it said ten cents, he had to say ten cents, too. If it had said three cents, or five cents, or seven cents, he would still have had to echo it. He would have had only two alternatives. One would have been to grant a further price increase and the company might, of course, have decided that all of this also was needed to give it a "reasonable" profit. This, on Mr. Gordon's showing, would certainly have made price control impossible. The other alternative would have been to control profits, a course from which Mr. Gordon recoils in horror. Similarly, in the British Columbia logging dispute, once the companies had accepted the Sloan award, the Minister of Labour, relying, as he plainly does, on Mr. Gordon's expert advice, had no choice but to echo their figure.

Hon. Mr. MITCHELL: There is nothing to that at all. We had the gun at our head and we had to save the fruit crop in British Columbia. You know the gang that put the gun to the head of the people of this country.

The WITNESS: You may be one of them yourself. I will accept your explanation.

"If the award had been one cent or six cents, or twelve cents, if the companies accepted it, it was necessarily 'sensible, fair, sound and reasonable.'"

On Mr. Gordon's theory, "risk capital" must as far as possible be guaranteed whatever it considers a "reasonable" profit. Full employment may remove most or all of the risk (and in steel and heavy industry generally most of the risk arises from cyclical fluctuations, booms and depressions, which, under the Government's declared policy of "high employment and income", will, of course, shrink to negligible proportions). Capacity production may cut overhead to a fraction of what it was in 1939 (and, in steel, as Mr. Gordon pointed out at p. 286, "overhead . . . is particularly heavy"). Technological progress, increased effort and efficiency of the workers, generous depreciation allowances, the replacement of older and less efficient workers by younger and more efficient men coming out of the armed forces; all these, and other factors, may reduce costs to a tithe of what they were even a few years ago. But if "risk capital" thinks it is entitled to the full benefits resulting from the operation of all these factors, then it must have them, and the workers and the public must just lump it.

Our congress cannot accept any such position. It cannot agree that profits should take priority over wages, still less that employers alone should determine how high profits should be. It contends that the primary purpose of production is consumption. In accordance with Mr. Gordon's theory, this primary purpose will be almost wholly set aside, and the profits and welfare of a master class will be the first and last consideration of the whole economic system. Nothing has been said of the risk of the human capital we call labour. It depreciates, yet little or nothing is provided for its depreciation, whereas monetary capital is not only provided for in depreciation and reserves, but, on Mr. Gordon's theory, has to be guaranteed in addition whatever profit it considers reasonable.

If profit, not consumption, is made the be-all and end-all of production, the result can only be another depression, and in the not too distant future. Full employment demands high, steady, and steadily increasing consumption. An important factor, and, in a highly industrialized country like Canada, possibly the most important factor in such consumption, is high, steady, and steadily increasing wages. Wages must at least keep pace with productivity. Indeed, they must do more. As Lord Beveridge says, in "Full Employment in a Free Society" (p. 200), it is "desirable from the economic as well as the moral point of view" that the share of the total product of industry going to wages should be increased. Mr. Worswick and Dr. Kalecki, in the Oxford Institute of Statistics book, "The Economics of Full Employment", make the same point.

Our congress recognizes that stability of prices is necessary, that it is a major interest of the working class. We have consistently supported price-control and we support it now. We recognize also that excessive and unreasonable wage demands can destroy price stability. But we are not prepared to accept the judgment of the employers, even when endorsed by the Chairman of the Wartime Prices and Trade Board and the Minister of Labour as to what is "unreasonable" and "excessive." Labour is prepared to accept the responsibility of framing its demands in accordance with the facts of the situation and the requirements of the public interest. But it can do so only if the facts are made available to it, and if employers accept the same responsibility. At present, in this country, the facts are either not available or are deliberately withheld, as Mr. Gordon's evidence shows; Labour is called on to frame its policy without the knowledge to which it is entitled; and employers enjoy the privileged position of being allowed to determine their share of the proceeds of industry at their own sweet will, without responsibility and without control.

Mr. Gordon told the committee repeatedly that he had expected the steel workers to be "reasonable" in their demands (pp. 332-3), to show the "restraint" which the maintenance of price stability calls for (pp. 306, 309, 316, 321-2). He has "no cure for this particular strike except a reasonable attitude on the part

of the applicants to accept the wage increases which can be paid within reason" (p. 333). But, as already noted, at the time the price increase was granted, he gave the workers no information as to what he considered reasonable. His own basic principle, of course, precluded him from doing so. The companies had first to decide what they considered a reasonable profit, and then how much was left for wage increases, and those, by definition, were "the wage increases which could be paid within reason." Even now, Mr. Gordon shies away from a direct answer to the question, "What would the amount be?" "I cannot say; I am not the arbitrator" (p. 333), though in fact he has pronounced judgment in emphatic and dogmatic terms. He had perfect faith that the companies would always be guided by a strict regard for the public interest, "every reason to believe.... the steel company.... would act reasonably in all the circumstances" (p. 329), that they would be not only just but generous, so far as the stern necessities of price control and their own profits allowed. He had, of course, Mr. Hilton's comforting assurance that "we expect to do our utmost to keep the excessive demands made upon us within reasonable bounds" (p. 287). Perhaps that is why he "assumed" that the steel company "said to themselves—instead of insisting on that rate of profit" (two and one-half times their pre-war profit) "we might prefer to pay a certain amount in wage increases even although it reduces our profit figure below what we think is reasonable" (p. 329). Mr. Johnston suggested that "if the \$5 price increase could not possibly stand an increase in wages of nineteen and one-half cents", the union "should have been told." Mr. Gordon's reply was: "I have no doubt that the people negotiating for the companies told them, but they would not believe it" (p. 332). He seems actually surprised that the union did not share his faith in the companies' complete disinterestedness; he is apparently convinced that if the men would not listen to the employers, they would not have listened to the public servant charged with responsibility for maintaining the whole system of price control. It was, in Mr. Gordon's view, the employers' business to tell the union what was what, and it was the union's business to accept their statement without question. In the light of this attitude on Mr. Gordon's part, the Congress has no difficulty in agreeing with at least one of his statements before this committee: "I am not sufficiently familiar with labour terms to know what you mean by collective bargaining" (p. 309).

Profits of Canadian Industry

We shall submit, later in this brief, that one of the most urgent needs in industrial relationships in Canada is more knowledge of the relevant facts. Even with our present limited knowledge, however, we are convinced that Canadian industry is not by any means so poverty stricken that it cannot afford wage increases unless it gets further price increases.

The most relevant figure for purposes of computing industry's ability to pay higher wages is profits before income and excess profits taxes. This was laid down authoritatively in the decision of the special panel of the United States National War Labour Board in the Little Steel case, 1941. As the panel pointed out, income and excess profits taxes are supposed to be levied on net profits after payment of all working expenses, including wages. It can never have been the intent of parliament to finance the expenses of government by keeping wages below a proper level, thus exploiting the workers and making them pay part of what are supposed to be taxes on the owners of industry.

It should be emphasized that prewar profits before taxes are no guide at all to post-war profits before taxes. The four prewar years were years of at least partial depression; the post-war years, the government has assured us, are to be years of high employment and income. Hence, while prewar production was much under capacity, with consequent high overhead costs, post-war production

will be at or near capacity, with low overhead costs. Wartime profits before taxes, which reflect capacity production, are, therefore, a safer guide to post-war profits.

We submit herewith the best available figures on the profit and capital position of Canadian industry:

1. Bank of Canada figures of profits before taxes for 686 companies, 1936-1934 (*Bank of Canada Statistical Summary*, Feb.-March, 1946, pp. 25-26) show:

(Millions of Dollars)								
1936	1937	1938	1939	1940	1941	1942	1943	1944
278.1	354.7	295.7	363.2	461.8	579.9	624.1	597.6	559.8

The average for the four prewar years, 1936-1939, inclusive, was \$322.9 million. The average for the five war years, 1940-1944, inclusive, was \$564.6 million, an increase of almost 75 per cent.

2. Profits before taxes as a percentage of shareholders' investment (preferred and common stock and earned surplus and surplus reserves) at the end of the preceding year (e.g., 1937 profits as a percentage of shareholders' investment at the end of 1936) were as follows:

1937	1938	1939	1940	1941	1942	1943	1944
13.0	10.5	13.0	16.2	19.9	20.8	19.1	17.5

3. Profits (including refundable excess profits tax) after taxes were:

(Millions of Dollars)								
1936	1937	1938	1939	1940	1941	1942	1943	1944
228.8	292.7	242.6	289.5	285.5	307.8	310.0	291.4	277.6

The average for the four prewar years after taxes were paid was \$263.4 million. The average for the five war years after taxes was \$294.5 million, an increase of almost 12 per cent.

4. Profits after taxes as a percentage of shareholders' investment at the end of the preceding year were as follows:

1937	1938	1939	1940	1941	1942	1943	1944
10.7	8.6	10.3	10.0	10.5	10.3	9.3	8.7

5. Provision for depreciation, depletion and deferred development averaged \$113 millions in the four prewar years and \$171 millions in the five war years, an increase of 51 per cent. The provision for depreciation, depletion and deferred development in each year as a percentage of the *net* (depreciated) value of plant, property and equipment at the end of the previous year is as follows:

1937	1938	1939	1940	1941	1942	1943	1944
4.73	4.54	4.88	5.88	7.19	8.12	8.08	7.19

The average rate for the three prewar years was 4.72 per cent; for the five war years it was 7.29 per cent, or almost 55 per cent higher.

6. Figures of profits tell only part of the story. There is also the matter of increases in the companies' financial strength, and in the liquidity of their position. The Bank of Canada Statistical Summary for October-November 1945, pp. 91-92, gives figures which show that, in 1944, the 686 companies' cash had increased by \$191 million, or 91 per cent over 1936, and by \$141 million, or 54 per cent, over 1939; marketable securities had increased by \$335 million, or 161 per cent, over 1936, and by \$371 million, or 216 per cent over 1939; net working capital had increased by \$690 million, or 82 per cent, over 1936, and by \$578 million, or 60 per cent, over 1939; net working capital excluding inventories had increased by \$284 million, or 85 per cent, over 1936, and by \$270 million or 77 per cent, over 1939; earned surplus and surplus reserves had increased by

\$539 million, or 73 per cent, over 1936, and by \$437 million, or 52 per cent, over 1939. On the other hand, funded debt was \$159 million, or 16 per cent, below 1936, and \$126 million, or 13 per cent, below 1939.

7. New investment in plant, property and equipment in the four prewar years averaged \$109 million; in the five war years, \$118 million. In the eight years ending December 31, 1944, total investment in plant, property and equipment amounted to \$936 million. Total depreciation, depletion and deferred development in the same period was \$1,200 million, or \$264 million more than the new investment.

These figures do not include the C.P.R.; they are also, as the bank itself says, "subject to all the limitations and qualifications which apply to the basic accounting statements"; in other words, the bank has simply taken the companies' statements, which may actually conceal profits.

8. The figures just given cover 1936-1944. So far, only incomplete, preliminary computations for 1945 are available. There are two which are useful: the Bank of Canada, for 337 companies (accounting, however, for about three-quarters of the total profits of the 686 companies), 1936-1945 (*Bank of Canada Statistical Summary*, April-May 1946, p. 36), and the *Financial Post*, for 270 companies, 1944-45 (*Financial Post*, June 8, 1946, p. 24).

9. The Bank of Canada figures show profits *before* taxes as follows:

(Millions of Dollars)									
1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
215	277	223	267	335	421	458	440	409	401

The average for the four pre-war years was \$245 millions. The average for the six war years was \$411 millions, an increase of almost 68 per cent. Note that 1945 was only slightly below 1944.

10. The Bank of Canada figures show profits after taxes as follows:

(Millions of Dollars)									
1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
177	229	184	215	210	229	232	222	209	208

The average for the four pre-war years was \$201 millions. The average for the six war years was \$218 millions, an increase of over 8 per cent.

Unfortunately, there are as yet no figures to show the return on shareholders' investments.

11. Depreciation, depletion and deferred development charges for the 337 companies averaged almost \$81 millions in the pre-war years, and almost \$119 millions for the six war years, an increase of almost 47 per cent.

12. The *Financial Post* figures show the following:

(Thousands of Dollars)						
	Net operating earnings	Decrease per cent	Retained net profit	Increase per cent	Net working capital	Increase per cent
1944	881,730		269,726		1,495,258	
1945	826,628	6.2	278,706	3.3	1,574,564	5.3
			*Net worth	Increase per cent	Net profit as per cent of net worth	
1944			3,842,046		7.0	
1945			3,943,280	2.6	7.1	

* Total Assets less all Liabilities and Reserves.

13. The *Financial Post* itself commented on these figures as follows: "Despite the unsettlement from the end of the war and the conversion to peacetime production, Canadian industry was in a stronger financial position at the end of 1945 than a year previously. . . .

(1) With over four months of the reconversion period behind it, Canadian industry was in an even stronger capital and liquid position than a year earlier to meet the challenge of peacetime production and competition.

(2) Despite the changeover from a wartime to peacetime economy there was a 3·3 per cent increase in retained net profit although net operating earnings dropped 6·2 per cent. This probably reflects the cushioning effect of the 100 per cent excess profits tax.

(3) Only 67·7 per cent of the retained net profit was paid out in dividends.

The most important finding is that the net worth and the working capital position of the 270 companies was not impaired by the end of the war. At the end of 1945, the net worth (i.e. the total assets less all liabilities and reserves) of these firms totalled \$3,943 millions, up \$101 millions or 2·6 per cent in the year. . . .

Following the 14 per cent growth in the basic financial strength of Canadian industry between 1939 and 1944 (disclosed by the *Financial Post* analysis of 151 companies last year) this adds to the strength of industry to meet its postwar problems. Further, these figures probably indicate a minimum improvement in the corporations' financial position. Fixed assets in many cases have been written off during war years at an accelerated rate by special depreciation and many companies have set up special contingency reserves. . . .

Nearly 40 per cent of industry's 1945 assets are in a mobile form which can be readily directed to grasp new production opportunities. With a period of rapid technical change and keen competition forecast, this increased liquidity will be an important factor. If not required for new plant, equipment, or in the business, then it gives one important indication of industry's ability to pay higher dividends, though not, it seems, of its ability to pay higher wages."

"Despite poorer operating earnings," the *Post* continues, "the retained net profit of the 270 companies was up nearly \$9 millions or 3·3 per cent in 1945 over 1944. . . .

The better results shown in retained net profit are no doubt due largely to the moderating effect on retained earnings of the 100 per cent excess profits tax and of the increases in retained earnings permitted by the increased net worth of these firms."

American and Canadian Wages

Mr. Gordon, in his evidence before this committee, laid some emphasis on the desirability of keeping Canadian costs of production low in order to maintain our present favourable position in export markets. In many of these, and often also in the home market, our chief competitors are the Americans. We have already pointed out that high wages do not necessarily mean high labour costs. On the other hand, Canadian industry generally (though there are notable exceptions) has not usually had anything like as large a market as American, and hence has not been able to secure the economies of mass production to the same degree. The war has probably improved our position in this respect. In the almost total absence of Canadian productivity statistics, however, direct comparison is rarely possible. But the following table of average hourly earnings in roughly comparable American and Canadian industries, in February, 1946, before most of the recent American increases, shows such wide differentials as to suggest that Canadian industry could afford considerable increases without imperilling its competitive position.

AVERAGE HOURLY EARNINGS, UNITED STATES AND CANADA
FEBRUARY, 1946

<i>Industry</i>	<i>United States</i>	<i>Canada</i>	<i>Difference</i>
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Manufacturing	100.2	68.1	32.1
Durable Goods	106.4	75.2	31.2
Non-durable Goods	95.3	61.3	34.0
Iron and Steel and their Products.....	108.9	79.8	29.1
Blast Furnaces, Rolling Mills, etc.....	116.2 (Jan.)	79.2	37.0
Agricultural Implements	108.6	74.7	33.9
Automobiles	124.6	92.5	32.1
Tool Manufacturing	102.4	70.3	32.1
Sheet Metal Work	102.2	68.1	34.1
Steel Shipbuilding and Repairing.....	127.7	84.8	42.9
Electrical Apparatus	102.8	70.1	32.7
Non-ferrous Metal Products	109.4	73.7	35.7
Smelting and Refining, Non-ferrous.....	110.3	81.0	29.3
Aluminum Manufactures	109.4	75.5	33.9
Lumber and its Products.....	83.6	66.2	17.4
Furniture	88.9	59.2	29.7
Textiles	83.3	51.9	31.4
Cotton	75.3	50.8	24.5
Woollen	98.8	50.4	48.4
Hosiery and Knitted Goods.....	72.9-86.2	47.9	{25.0 38.3
Garments	92.2	54.9	37.3
Silk and Artificial Silk.....	81.3	50.7	30.6
Boots and Shoes	88.8	51.2	37.6
Slaughtering and Meat Packing.....	94.1	72.1	22.0
Flour	95.6	63.6	32.0
Baking	91.3	53.9	37.4
Pulp and Paper.....	98.5	73.3	25.2
Printing and Publishing.....	121.6	76.5	45.1
Chemicals and Allied Products.....	102.1	68.2	33.9
Drugs and Medicines.....	92.2	58.7	33.5
Clay, Glass and Stone.....	96.7	64.5	32.2
Petroleum Refining.....	136.9	85.8	51.1
Rubber Products.....	112.9	72.2	40.7
Bituminous Coal.....	127.0	94.4	32.6
Metal Mining.....	105.5	84.7	20.8
Non-metallic Mining.....	91.2	64.1	27.1
Local Transportation.....	101.3	70.4	30.9
Hotels and Restaurants.....	60.2	42.3	17.9
Laundries	67.5	47.2	20.3
Tobacco	83.3	51.3	32.0

(United States' figures: *Monthly Labor Review*, May, 1946, pp. 823-30, published by the United States Bureau of Labor Statistics, Department of Labor.)

(Canadian figures: *Man-Hours and Hourly Earnings*, as at Feb. 1, 1946, p. 6, published by the Dominion Bureau of Statistics, Department of Trade and Commerce, Ottawa.)

It should be noted that the classifications in the American and Canadian statistics are not always the same. The figures given here, however, are for what appear to be approximately the same classifications.

There is, of course, another and very important aspect of the comparison between American and Canadian earnings. American and Canadian workers are usually organized in the same union. They often work for the same employer. A good many of them have family connections on both sides of the line. The work they do and the way they do it, the machinery they use, the goods they buy, the movies they see, the music they hear, the houses they live in, are generally very much alike. Inevitably, therefore, Canadian workers see their earnings against the background of American earnings in the same industries, hope to narrow the differential between the two sets of figures, and certainly object strenuously to any widening of it. In the single month, February to March, the differential in all but six of the industries covered by the table has widened, in some cases very considerably. In iron and steel and their products, for example, the February differential of 29.1 had become 37.9.

It will, of course, be argued that there is also a very considerable differential in cost of living, and that to some extent this cancels out the differential in earnings. How far is this true?

Professor H. A. Logan, in his authoritative *Labor in Canadian-American Relations*, compiled comparative figures of the combined cost of food, fuel and light, and rent, clothing and miscellaneous items, 1913-1936. The weekly figure for January 1936 was \$26.90 for Canada and \$26.82 for the United States. Between January 1936 and February 1946, the Canadian cost of living index had risen by 22.6 per cent, the American by about 31 per cent. This would bring the Canadian figure to about \$33.00 and the American to about \$35.00. This is only a very rough and ready comparison, for it does not include a variety of items which enter into the actual cost of living, and into the official indexes, and Professor Logan is careful to warn us that his Canadian figure "bears no relation to what working families actually do spend". It is also important to remember that in American manufacturing as a whole, in February 1946, the weekly hours were 40.5, while in Canadian manufacturing they were 44.1. Weekly earnings in manufacturing, therefore, were \$30.03 in Canada and \$40.60 in the United States. In short, while the cost of living appears to have been only about 6 per cent higher in the United States, weekly earnings, for a much shorter work week, itself an important item in the standard of living, were about 35 per cent higher. Since the collapse of price control in the United States, the cost of living there has of course risen spectacularly; but wages have also risen considerably, and it is still too early to say what the new relatively permanent levels of wages and cost of living will turn out to be. Meanwhile, it would appear that the argument that the lower cost of living in Canada cancels out the higher American wages is of very doubtful validity.

The CHAIRMAN: It is now one o'clock. We will meet again at 3.30 p.m. this afternoon. I would like the members of the steering committee to remain here for just one minute.

The committee adjourned at 1.00 p.m., to meet again at 3.30 p.m. to-day.

The committee resumed at 3.30 p.m. o'clock.

The CHAIRMAN: The meeting will come to order, gentlemen. Will you proceed, Mr. Conroy?

The WITNESS: I believe we left off at the end of page 22, Mr. Chairman.

Industrial Relationships

The evidence of Mr. H. G. Hilton, of the Steel Company of Canada, Mr. C. M. Anson, of the Dominion Steel and Coal Company, and the report of Mr. Justice Roach, in his capacity as commissioner in the steel dispute, emphasize: the importance of industrial relationships in the nation's economy. Each of these gentlemen held that all of the wrongs were on the side of the union. Messrs. Hilton and Anson spoke without reserve in condemning the United Steelworkers of America, dispensing the blame for the situation with a fine impartiality on both the leadership and the rank and file of the steelworkers' union. It is a long time since labour representatives have observed such egotistical preoccupation of employers with their own virtues, in contrast with the sins of the employees who are members of the union. It would appear that, if the steel companies possess all of the virtues to which they lay claim, they should have, over the years, laid a more virtuous imprint upon their employees, or, if the steel union is the repository of so much sin as is imputed to it by Messrs. Hilton and Anson, it is hard to understand how the steel companies have been able to retain so much virtue amid such sinful surroundings. I offer the suggestion that your committee will, with the representatives of labour, be tolerant of the defense mech-

anisms employed by those who are just ordinary sinners as far as their employees are concerned, and who are, seemingly, somewhat hesitant about confessing their own sins in public.

The report of Mr. Justice Roach is, however, another matter. It was Mr. Bumble, I think, who made the observation that occasionally, "the law is a hass", and this seems to be one of those occasions when a representative of the law might have shown greater wisdom. The report of Mr. Justice Roach is a bad report. It is an unbalanced one, for it condemns the union with a fine abandon, using evidence supplied him by the Steel Company of Canada to bolster its allegations. There is no question of the judge's doubting the veracity of the steel company, there is no question of the judge's asking the steel company what contributions the company has made toward bad relationships with the union. There it is, from a judicial mind, one of the most biased and anti-labour documents that any labour commissioner has yet put on the record.

All this, however, is of minor consequence. Industrial relationships remain a problem to be solved, and one that can, and may well, determine the future of our country. Labour wishes to make a contribution to the establishment of good industrial relationships. It desires to make this contribution, not merely in a general way and for the general welfare, but with the primary and specific motive that good relationships are better for labour than bad ones. We can make quicker and better progress, yes, more lasting progress, under good relationships than otherwise.

Much has been said about labour's responsibilities. According to one school of thought, and one which is not too friendly to labour, if labour were to accept its responsibilities everything in the industrial picture would be lovely. Rarely does one hear about the responsibilities of the employer. It seems to be taken for granted that employers have been born without original sin, that their chief difficulty is that they are prevented from being good to labour, and that labour unions are the chief obstacles in the way of employers doing good to and for their employees. The thought behind this concept is that labour should be a good boy and do what it is told.

Labour is not going to be a "good boy", in the sense referred to. Even if it wished to accept a subordinate status in the scheme of things, it could not afford to indulge in this luxury. Labour's role must be a positive one, must be on a higher level, if, as a force in industrial relationships, it is to make a useful contribution to the social order. This contribution will be made once labour is recognized as a partner in industry, once it is recognized and accepted that the investment of labour is equal, at least, to that of monetary capital. Up to the present time, there has been little disposition on the part of the employing class to accord this status to labour. This is where the first aspect of irresponsibility begins. It has to do with the status of labour. Labour is still being regarded and treated as a commodity. Until that concept is changed, then little basis for all-round responsibility can be laid down.

The first step, therefore, towards the establishment of good industrial relationships is a frank recognition of labour's position in industry. If labour is granted this elementary but fundamental right, labour will respond. This involves more than good attitudes by employers towards unions. That is helpful, a good start, but in itself is a negative thing, and productive of but very little. Labour has to be accorded the status of representing one-half of the investment in the enterprise; it must be regarded as a partner, not something to be put off when asking a just wage, not something to be shelved when there is no demand for the commodity, not something to be pitied when it is shelved.

The problems of industry cannot be solved by employers alone. The goal of full employment cannot be reached, the objective of high production, the highest possible wages and the lowest possible costs, cannot be reached unless

and until labour has a definite voice in the planning of the necessary programs and policies. There should be no illusions about labour's objectives. The men and women of labour are tired of unemployment, of depressions, of insecurity, of crises, which in our opinion are the fruits of bad management more than any other factor. The day is gone when insecurity and bad times can be blamed on God and His mysterious ways. Labour is not going back to the periodic crises and depressions it has undergone in the past. Its thinking is being made evident at the moment when it is asking for a minimum of income to enable it to maintain production and distribution. We want the responsibility of stability, and not the irresponsibility of periodical breakdowns, which seem to be the chief contributions of those in charge of our economic system.

In short, labour's responsibility will rise and develop once its basic rights are recognized. Labour cannot be expected to have responsibility when it has no established rights in industrial operation, from which it has literally been excluded by employers. Labour has much to learn. There are many things it does not know. It does, however, know this, that it cannot afford to let free enterprise pursue its untrammelled way, with the fate of the rest of the people in its hands, and without any challenge as to whether or not a small group of men have been granted the divine right to hold the destiny of mankind in their hands.

The measure of labour's responsibility can be determined. The method should not present much difficulty. But it is important to reaffirm that labour will first insist upon recognition, before it will agree to accept a status in which its rights remain unrecognized, while it is asked to give up the only weapons it possesses. Someone has asked whether labour will give up the right to strike. Labour will not give up this right, until there are sufficient compensating factors to render it unnecessary.

No one regrets strikes more than labour. No one suffers more from them. It is in our interest to make them unnecessary. Strikes are the relics of the jungle, but since we are living in an industrial jungle, we have, by force of circumstances, to conform to our environment. Without compensating recognition, without suitable means whereby to carry on labour's affairs and secure its position, to give up the strike weapon would be to wreck our economic structure. Without organization and the strike weapon, without a medium of resistance, wages would go down, mass-production would disappear, consumption would halt, and economic crises would become chronic rather than periodic, and even more severe than they have been in the past.

It is the fight of labour which has made our relatively higher living standards possible. It is the constant fight of labour, carrying the majority of the population on its back, that has contributed to the higher living standards of the millions outside its ranks. It is chiefly the fight of labour for better living standards that has stimulated the ingenuity of those inventing and installing technological improvements, to make possible an increase in production and a decrease in the human effort involved.

Conscious, therefore, of our contribution to society, fully determined that we are going to have a voice in the affairs that affect our well-being, we now say to the honourable members of this Committee that labour is willing to assume its full measure of responsibility, once this country decides that it is entitled to the equal voice with industry that its investment justifies. Labour aspires to full citizenship. Make us industrial citizens, and you may expect us then to behave accordingly.

If labour is not treated as a partner in industry, if it is kept in the dark, it can hardly be expected that its policies will invariably be the embodiment of pure reason. If unions are not provided with adequate information, they will have to formulate their policies as best they may without it, and society will pay the penalty in frustration, suspicion, and resentment among the workers, consequent low productivity, and recurring stoppages of production.

The London *Economist* of July 13, 1946, contains a most interesting and important article on industrial relations in a full employment economy. In view of the fact that, as even Mr. Hilton admitted, industrial relations in Britain are far better than in this country, the *Economist's* statements are even more relevant here than in Britain:

"What . . . ninety-odd per cent (of the workers) require is a guarantee that industry is travelling along the right track to the right destination, and that they personally are working in the right place, under the right leadership, and with the right tools and conditions. Vague general assurances that free enterprise will work out well enough in the long run will not be accepted. What is needed to build up confidence in the management of industry is a practice of regular and detailed review of the policy of individual firms and industries, based on full disclosure of the relevant information, and backed with adequate opportunities for individual workers and their elected representatives to put their point of view and satisfy themselves that policy is working out as it should. . . .

"The problem is to provide the machinery for doing all this without unduly interfering with the mechanism of private enterprise. The penalty for failing to solve it may be severe; for even a comparatively mild failure consisting merely in leaving industrial relations as they are, would do a great deal over the next few years to prevent the urgently needed rise in productivity and to increase political suspicion.

"This attempt to build up a system of industrial relations consistent equally with free enterprise and with meeting the reasonable claims of Labour will have to proceed along four or five main lines. The first and most essential step is, of course, to promote an effective and as nearly as possible fool-proof policy for full employment. There can be no hope of genuinely co-operative industrial relations so long as they are bedevilled with the spectre of Marx's "reserve army" of unemployed.

"Secondly, it is necessary to grasp firmly the twin nettles of wages and profits policy. A wages policy is needed both in the interests of national finance and to ensure the right distribution of labour between industries; but it is politically impossible without a policy for profits. A profits policy is in any case essential if the full support of Labour is to be obtained for all-out production. . . .

"Thirdly, far more light needs to be thrown on every aspect of industry. . . Clearly defined objectives, fully understood by all ranks, are as essential in industrial as in military policy. . . More light is also needed on the way in which policy works out in practice, particularly as it affects costs and financial results. . .

"Fourthly, relations within individual works need to be overhauled. It is a commonplace to-day among management experts that comparatively few firms organize the contacts between managerial and supervisory staffs and their workers to the best advantage. This is the key point in the whole system of industrial relations; it is useless to expect enthusiasm or team-work in industry unless at the ground level workers are treated as responsible human beings."

On the necessity for making full information available to the unions, and also on the necessity of profit control, Lord Beveridge, Mr. Worswick, and the League Delegation on Economic Depressions are in complete agreement with the writer in the *Economist*. (See "Full Employment in a Free Society", pp. 201, 204; "The Economics of Full Employment", pp. 56, 66-7, 69-70; "Economic Stability in the Post-war World", pp. 207-8). It is quite evident that the present situation in Canada leaves much to be desired on both counts.

In the first place, we have not nearly enough information. It will be almost universally agreed that Labour is entitled to some share of increasing produc-

tivity. But, unless we know what the increase is, we cannot even begin to give an informed judgment on what that share should be. At present, in Canada, we have almost no statistics of productivity. In the steel case, it was only at the eleventh hour that the union secured the information on labour productivity at Algoma which Mr. Millard placed before this Committee early in its sittings; and Mr. Gordon, at p. 306, appeared to be doubtful of the value of the figures involved. "Personally," he said, "I have no evidence of that."

By Mr. Smith:

Q. Should that not be Mr. MacMillan of Algoma and not Mr. Millard?—

A. Perhaps that is a typographical error. I am willing to have that changed if that is so.

Mr. CROLL: I think it was Millard.

Mr. SMITH: Apparently it is right.

The WITNESS:

This is a fantastic situation.

A rational wage-policy also requires a clear idea of what employers can afford to pay at a given price-level. In some industries, it is almost impossible for unions to get any idea of what certain employers can pay because they do not publish any financial statements. This is true of a host of small employers. It is also true of such large employers as Eaton's and the wholly-owned subsidiaries of British or American concerns, such as Anaconda American Brass, International Harvester, General Motors, Chrysler, Dominion Rubber, Firestone Rubber, Goodrich Rubber, Courtauld's, Swift Canadian, American Can, or Continental Can. For some of these, fragmentary information can be dug out of the American investment manuals, but anything like a complete picture, even as painted by the companies themselves, is simply not obtainable. It is, of course, true that if, when a case comes before a war labour board, the employer pleads inability to pay, he must produce written evidence of such inability. But it would clearly be much better if this material were available to the unions at an earlier stage, so that their original demands could be related more precisely to the realities of the employer's financial situation. Sometimes it might mean bigger, sometimes smaller, but almost always more realistic, demands.

It should be added that a demand that companies "open their books" does not mean that every union organizer must be allowed access to all the cost sheets, or anything of that sort. It means rather that competent chartered accountants engaged by the union or by the union and the employer jointly should have access to all relevant information, as has long been the accepted practice in certain British industries.

Conclusions and Recommendations for Industrial Peace

Our Congress wishes to thank all members of the House of Commons Industrial Relations Committee for their interest in the important problem of industrial relations, and believes that all members have been motivated by the highest purpose in trying to find a solution for the difficulties involved.

In appreciation of your hard work, we think it is incumbent upon us to make recommendations to you that would be helpful in laying a foundation for the prevention of industrial disputes in the future. We are fully aware that the procedure which we shall submit to you cannot be developed overnight, but it is our belief that if industrial peace is to become a rule rather than an exception, the quicker the government makes a start on this important problem, the better for the people of the whole nation.

Our recommendations are as follows:—

1. The establishment of a peacetime uniform national labour code, by co-operation with the provinces, or where co-operation is not forthcoming from the provinces, by constitutional amendment.

2. The establishment of industrial councils for each industry, on a tripartite basis, representing employers, labour and the public. These councils would have jurisdiction over every problem of each industry including profits, prices, production and wages.
2. (a) Such industrial councils should be under some form of social control through government, to maintain full production and consumption and to secure a proper balance of profits, prices, and wages for continuous maximum production and consumption.
3. Substantial expansion of present research facilities of the Labour Department and the Dominion Bureau of Statistics to remedy the lack of information and provide all relevant data on each industry which would be helpful to both labour and employers in their dealings with one another.

Respectfully submitted,

PAT CONROY,
Chairman, Wage Co-ordinating Committee
Canadian Congress of Labour.

August 1, 1946.

By Mr. Cote:

Q. There is a question I should like to ask the witness; that is for a little further detail with respect to the first of these recommendations, the establishment of a peacetime labour code. The witness could give us very useful information in view of his long experience in labour matters. I wish to refer particularly, of course, to the past few years through which we have lived, where the provincial authorities have yielded a certain part of their jurisdiction due to the necessities of war. Does the witness think it would be just as easy for the federal authorities to have the provinces agree to such a uniform national labour code? I would like to have his views on that, and also his expression of opinion on the way in which that end could be achieved.—A. Well, as to the efficacy of a proposed national labour code having in mind the difficulties involved in its application I could perhaps give you the benefit of the views of our Congress in this respect. We are fully aware that the implementation of a national labour code cannot be easily accomplished. To that end I should try to trace the immediate pre-war background and the war background itself.

In the pre-war years we had no such thing as a national labour code. We had the provinces, with the exception of the federal jurisdiction over coal and transportation, largely in control. Then came the needs of wartime which gave us an overall co-ordinated policy, falling I think largely upon the insistent demands of labour, and the wartime labour code was brought into being. Despite the fact that we believe it is a long way from being what might be called a perfect instrument from labour's viewpoint, nevertheless to be fair to the government, to be fair to those who supported it, it was a big improvement over anything that had previously existed. It did, I think devolve two basic contributions to the national welfare. It gave your working man and your employer the beginnings of a national concept, laid the imprint in their minds that they were thinking as Canadians instead of thinking as residents of British Columbia, of Quebec, of Nova Scotia or of any other province. It brought about uniformity and the decentralization of provincial administration with results of benefit to all concerned. It had the effect of creating a feeling of citizenship amongst workers across the whole nation.

Having these things in mind, having also in mind the difficulties involved because of constitutional obstructions, we offer a lay opinion, which might well be contradicted forthwith by anyone with legal understanding; we say that it should be accepted by all the provinces and that by the provinces refusing they

are losing sight of the fact that they are Canadians as well as the people in the provinces elsewhere. There is nothing, at least from the layman's point of view, to prevent the establishment of the national labour code with enabling legislation in every province to accept or reject in the case of each province as it sees fit. That is to say, if such a national labour code is adopted by the national government, having in mind that there would be one or two provinces that would not go along with that legislation, with the provision for enabling legislation the majority of the provinces could go along with it on a uniform basis from the national viewpoint; and, having some faith in the mellowness of human beings as the years go by, I believe that in time the provinces objecting to a national code immediately seeing the benefits being achieved thereby by the improvement in the concept of Canadian citizenship, by improvement in national solidarity, by the wiping out of the multiplicity of difficulties confronting employers as well as labour unions, that in a comparatively short time the provinces objecting to a national labour code seeing these effects, these benefits, would subsequently mellow and in time go along with it.

The alternative to that, of course, if we cannot have the voluntary co-operation of the provinces, that if we cannot have co-operation—and I am not going to say like the Irishman that we should compel co-operation—nevertheless, because of the beneficial effect to the whole of the nation I think it might well be considered by the national government that possibly a constitutional change be made to bring in a national code into effect by this board. And, in saying this, I have no desire to make the issue controversial; but it is our opinion, rightly or wrongly—and we are quite willing to admit that we may be wrong—that the federal government on this particular question is not adopting a positive approach to it, rather it is a negative one. A negative one in this sense, in that it points out the objections and the obstructions from a number of provinces it says, there is your problem, we cannot do anything about it. In short, plain, everyday language, the buck is passed to the provinces to reject a national labour code; and a little more positive approach I think would assist the provinces in seeing the light of day and would be a help to both the provinces and the federal government in getting together on this question.

Q. I take it from your remarks, Mr. Conroy, that even if only a part of the provinces favour a peacetime national labour code you would think that the federal government should enact such a labour code to apply to every part of Canada?—A. I would say this, sir, without the slightest reservation or hesitation; that if a majority of the provinces want a national labour code, which is as I have gathered very strongly the case, the attitude of such provinces could be a condition in a positive way in federal approach, but if a majority of the provinces wanted a national labour code, from a layman's point of view I see no difficulty in the federal government adopting a code with provisional enabling legislation that would allow the provinces who did not agree with it either to refrain from joining under the national labour code or joining with it, as they saw fit. Legally that may not be practical, but that is our view of it.

Mr. SMITH: It is being done right now in connection with the last provincial conference; the very thing you suggest.

By Mr. Cote:

Q. Has your organization, the Canadian Congress of Labour, approached the various provinces or provincial labour departments with regard to this subject, and do you have the views of each of the provinces?—A. We have approached both the federal government and, I think, each of the nine provinces all within the last year. I should say at the moment that the chief obstruction comes from the province of Quebec on the usual and traditional grounds. At one time there was quite strong objection from British Columbia and I think

at one time from the province of Alberta. Because of a national objective I think those provinces have become more mellowed in the last several years towards this objective. I might say that—we want to be frank about it and I do not see any sins involved in this admission—we have been trying to pressure the federal government and the provinces as well to try to see the light of day, but up until now—and this is very important—despite that pressure we have not been able to persuade the federal government to promote that positive position that we think it should adopt, so the thing hangs in the balance, as we say, upon the negative approach of the federal government, the responsibility resting on the shoulders of the provinces as a substitute for a more positive attitude.

By Mr. Smith:

Q. Mr. Conroy, in a moment I want to ask you what I think is a very important question, but before doing that I am going to ask you to agree or disagree with a number of premises by way of general proposition. I think it might also be fair to say to you that in what I may ask you and during the whole discussion, you and I begin with mutual confidence and respect. You will agree first that labour is a substantial factor in costs?—A. Depending on the industry.

Q. I beg your pardon?—A. Depending upon the industry.

Q. Yes; but broadly speaking, it is a substantial factor. Then I think you will agree that one of the main causes of inflation is ample purchasing power and scarcity of goods?—A. It is a contribution.

Q. I beg your pardon?—A. It is one of the main contributions.

Q. It is one. That is all I said. It is one of the main factors. And it is obvious that while strikes are in progress or lock-outs, or while any stoppage is in progress, it will increase that pressure?—A. I think we pointed that out in our quoted letter to the government.

Q. Yes. I think everything I am quoting I have culled in the short time at my disposal from either your brief or that of Mr. Millard. You will also agree, I am sure, that we are in a transitional period and you said this morning that at least during that time you thought that price control was to be desired?—A. I did not quite get your last statement.

Q. You thought price control was to be desired during this period and I think you will also agree that price control and wage control are inextricably bound up together?—A. To a degree.

Q. To a degree; to that degree to which labour enters into cost.—A. May I say an important degree, without saying all of it.

Q. I beg your pardon?—A. I will qualify that by saying to an important degree.

Q. All right. To an important degree. You also stated, or at least I inferred from what you stated, that a 10 cent across-the-board increase in April would have, or would probably have, prevented our present difficulty?—A. In January, sir.

Q. Yes, in January of this year. You also read and I think heard the solemn warning which was given to us by Mr. Donald Gordon and affirmed by the Acting Minister of Finance. You heard that?

By the Chairman:

Q. You nodded your head. Is your answer “yes”?—A. Yes.

By Mr. Smith:

Q. In your brief, while you have pointed out many inconsistencies you have not, as I take it, been able to refute that opinion. Is that a fair statement?—A. No. I would not agree with that.

Q. Then you think to some extent you have destroyed that opinion?—A. In our own opinion we would say yes.

Q. In your own opinion. All right. Now I want to admit with you that there has been an increase of roughly 5 points, until the recent increase in the cost of living.—A. Actually it is 6·1.

Q. I beg your pardon?—A. It is 6·1.

Q. It is 6·1?—A. 6·2, to be exact.

Q. All right, 6·2. Here is the question I want to ask you which I think is of considerable importance. First, let me say that I suppose you are fully conscious that as members of this committee, and not being experts, weight should be given to the opinion of Mr. Gordon and Mr. Abbott. You will remember that I am not on that side of politics, either, but I am making that to you as a broad statement of what I think the impact must be on all the members of this committee.—A. I think I would admit Mr. Gordon has studied it but not Mr. Abbott; I would not admit the word "expert" because Mr. Gordon disclaimed that status himself before this committee.

Q. Let us leave that out, then, and let us say they are men who have made a study of the situation.—A. I agree that Mr. Gordon has studied it extensively; I cannot go along with you on Mr. Abbott.

Q. I think I will go right along with you too in that, although he did tell us that when he was assistant to the Minister of Finance he had considerable experience and was in part responsible for the legislation which we had. This is the question I want to ask you. Would you not advise your people to go back to work, using the 10 cent advance in steel as a pattern, with such variations in other industries as different circumstances require, preserving the status quo with respect to other demands but on the undertaking of the government to set up this committee again not later than February next, to which committee you would have free access? Before you answer that, I want you to agree with this, or disagree, as you will. All briefs have contained conjectures as to what is going to happen in the next six months or the next year. All briefs, including your own; is that a fair statement?—A. I think we have dealt with the present and the past rather than with the future.

Q. Yes, we have had discussions with you and with other people; in fact, Mr. Millard's last statement was predicated upon certain future conjectures with regard to the cost of living index. You remember that?—A. Yes, I remember that.

I think you will agree with me that five or six months from now we will know the facts rather than conjectures.—A. Not necessarily; it depends upon the facts.

Q. I say we will know the facts rather than conjectures; we will know what the cost of living index does.—A. We will have the report of the index.

Q. Yes, we will have the report of the index and we will have a good deal of experience with the effect of the 10 cent raise.—A. It is hard to say. It might be possible, in a degree.

Q. Won't you go this far, that with a raise now, as things work out, during the next six months, ordinary inexperienced people like us, the members of this committee, will have a larger volume of facts before us than we have now?—A. It is based on past practices; if we have regard to past practices and try to relate any increase, be it five, ten, fifteen or twenty-five in six months' time, we would have distortions instead of effects.

Q. I do not know that I follow you exactly, there; I am endeavouring to speak to you as a layman who has learned a great deal before this committee with respect to labour relations. I know there are many things in the briefs submitted by the Steel companies to which you object; and I am trying to leave all that behind; I am trying to find some place to-day where we can get the

wheels of industry turning and give labour, roughly, a 10 cent increase. There will be an opportunity—because the House meets in the last week in January—we would then—with the experience of the committee, such as it is, to which you would have free access—we would get the wheels of industry turning, and, with a much greater experience, then be able to act courageously, perhaps, and certainly more judiciously. That seems a reasonable hope, does it not? So I ask you to answer the broad question I put to you as to what you would do.—

A. Well, I suppose this is not a place to indulge in too much boasting, but I think we can boast of this without trying to abrogate Solomon from all his wisdom, that the letter I quoted to you in part was written to the government of Canada in the last week in January, prophesying exactly what is going to happen. Now, I shall read it to you, the last paragraph.

Q. Page what?—A. Page 6. I go on to say:—

The foregoing are the minimum that labour can subscribe to in the present transitional period.

I refer to the 10 cents.

Q. Page 3, did you say?—A. Page 6, sir. I will read it over again:—

The foregoing are the minimum that labour can subscribe to in the present transitional period. We believe that, in view of the existing situation in the United States, and the expected impact of the results of the same in this country, wisdom should dictate a liberal and orderly process of transition rather than the amendment of the regulations within narrow limits, which would undoubtedly be unsatisfactory and open the gate to a deluge of wage controversies and possible dislocation throughout the country.

It may be said that having started in the United States, the deluge may be beyond us in any event, and, therefore, why bother about an orderly transition. This would seem to us to be specious reasoning, and its only effect would be a partial halt to reconversion, with continued shortages of goods and the inevitable breaking down of resistance to maintaining an economic price level. . . . The question to be considered is whether we should move in advance of the heavy impact of these situations or wait until we cannot control them.

That was our prophecy six months ago. Without being the seventh son of a seventh son, seemingly our prophecy came true; and no one listened to us, I think—I might make one exception—one member of the government of Canada agreed with us in principle that ours was a sound proposition.

Q. He what?—A. He agreed with us on principle, in our request for 10 cents an hour at that time. Now then, what you are asking me, virtually, sir, is to send our men back to work forthwith until this committee can dispose of the question of trying to rearrange something basic that will be a help to the nation at large. Apart from the fact that I have not the power to send anyone back to work, in the sense that I have no control over any particular organization, and admitting perhaps that my advice would be respected by the different organizations, this question, to me, as published in the press to-morrow regardless of the good intentions behind it, is putting labour on the spot and we are not going to be put on the spot. So I am going to rationalize your statement like this: After making this prophecy six months ago, and upon examination of the whole capital and profit structure, that 10 cents an hour voluntarily offered by the dominion government in January would have been accepted—yes, by 95 per cent of our unions in this country—and we would not have had three strikes in the whole nation; production would have been rising. Instead of a possible break in the price line, because of the rise in production the tendency would have been the other way because of more commodities on the market.

Q. Because of what?—A. Because of more commodities coming into the market. Now, despite this, despite our pointing out to the government that because of possible dislocation in industry over the unsatisfactory wage situation in the government, strikes would take place, dislocation would follow, shortage of commodities would ensue with a possible break in the price line; our suggestions were not only listened to but were treated with some degree of understanding by people who did not have much knowledge in these matters. Now then, we have Mr. Gordon coming on here disclaiming to be an expert despite all the responsibility attached to his statement. Mr. Gordon, nor Mr. Abbott have yet to submit a statistics or a single fact to prove one of their contentions.

Mr. BLACKMORE: Hear, hear!

The WITNESS: Rather than going on hunches—and the workers of this country are tired of living on hunches—let me say this: I say to you, sir, quite frankly and quite honestly, that as a person pretty well tied up in the labour movement, trying to keep my finger on the policy of this situation, I have been more in the ranks of labour—and I say, yes, in the ranks of the government, to prevent strikes, and no attention was paid to us; nothing was done. I say to you now, that at least 15 cents an hour can be paid and the profits of the company still retained on a reasonable basis. I know what you are going to say about prices. Mr. Abbott yesterday quoted a statement about the rise in the United States and said that prices went up seven and some odd in the one month. That is true, but Mr. Abbott did not tell the whole picture. Mr. Abbott was quoting from the source, the same source I am going to quote from now, and I think, as a matter of honesty, to this committee, he might have told all, the whole story, because sharp practice is not going to get us anywhere, either you or the committee or the whole country. Here is a clipping from the *Globe and Mail* yesterday, dated August 5 in Washington. It reads as follows:

Preliminary figures released to-day by the Bureau of Labour Statistics of the Department of Labour indicate that retail prices of living essentials for moderate-income families increased approximately 5½ per cent for the month ending July 15.

By Mr. Blackmore:

Q. Is that in Canada or the United States?—A. United States.

It was the largest monthly increase since the Bureau of Labour Statistics began reporting figures on a thirty-day basis in 1940 and is probably the largest monthly rise since the bureau began its work in 1913. Significantly, there were no O.P.A. controls in effect and subsidies had been eliminated at the time of the survey.

Living essentials checked in order to arrive at the Bureau of Labour Statistics' figures, included food, clothing, house furnishings, fuel, miscellaneous goods and services, recreation and personal services such as beauty shops, transportation, medical care.

The study was made on the basis of reports from cities which make up about three-fourths of the consumers' price indexes.

Food showed the largest price advance, 13 per cent; living essentials other than food rose less than 1 per cent. Rents were not surveyed.

The June 15-July 15 rise in living costs brought the consumers' price index to about 140 per cent of the 1935-1939 average. The index rose about 9 per cent from V-Day and 8 per cent from January 15 to July 15, 1946.

The rise in food prices was due mainly to increases of about 30 per cent in meat prices and 20 per cent in dairy product prices. It was said that these increases reflected some of the rise that may have taken place between April and June.

I want to point out this important fact because it is very important. There has been hardly an hour since this committee started to function that some person would not make reference to the gigantic price rise in the United States. It has hardly been referred to without pointing out labour's irresponsibility—frankly, we are not going to accept that—by referring to the facts and figures of the Bureau of Labour statistics which say this, “the cost of living in the United States from January 15 to July 15, 1946, has increased 8 per cent”—8 per cent in six months. And in this committee statements time and time again have been made to the effect that the main contributing cause of the increase to-day in the United States was because of substantial increases in wages. What about Canada? Well, here we are arguing about wages, whether 10 cents or 8 cents is enough. Outside of isolated instances there has been no broad, general increase in Canada, and yet in Canada without these general increases, and despite this infallibility generated towards wages by the Wartime Prices and Trade Board, your price structure has increased 6·2 per cent within six months without any wage increases. If that is going to be the story, then give labour some guarantee before labour gives some guarantees in return. We refuse to go along on what to us is a specious policy adopted by the government and the Wartime Prices and Trade Board. We are told that we must hold the line. We are told that the line will break if the wages are increased, but the line has been smashed without any wage increases. I am going to advise labour to fight what I think is its point. *

By Mr. Smith:

Q. I did not rise for one moment to put you on the spot. I rose in the hope that we might get the wheels of industry turning. I simply make that statement to you. You can accept it or leave it; it is neither here nor there. Nor have I ever suggested in this committee or outside of it anything about the irresponsibility of labour. The meeting has not heard me do that and neither have any of these fellows.—A. I free you of that charge. I have heard it referred to every day in this committee.

Q. I am only talking about myself.—A. You are dismissed from that charge, sir.

Q. We will go a step further. It is a decision that you must make; it is a decision that your organization must make. Are you content to say, having regard to a wage increase of say 15 cents, that if that does, as Mr. Gordon suggests, break the ceiling and create chaos—are you prepared to accept the responsibility?—A. Mr. Howe shot that remark at Mr. Millard.

Q. I did not hear it.—A. It was right down here in this corner. It was a very important question and I paid a lot of attention to it. There is a lot of premise in this and the answers that were propounded here to-day are important, and I am not going to let myself be jockeyed into the false premise by the government or Donald Gordon or anyone else. Donald Gordon is acting on a hunch and has no figures to prove his facts. His basic premise in regard to production and wages in that reported by the Steel Company of Canada as the sole determination of what has been called a reasonable profit.

Q. He said that?—A. That being so, unless the government of Canada, in the final analysis, goes to Donald Gordon and says that profits and wages must have a correct relationship, then I am not going to fall for this premise or the bad instructions the government of Canada has given to Donald Gordon.

By Right Hon. Mr. Howe:

Q. There is a question I would like to discuss for a minute because it has a good deal of bearing on the settlement we are trying to get. You commend Mr.

Justice McTague for having taken a nation-wide survey in the shipbuilding industry. I have been refreshing my mind on this, and it occurs to me that Mr. Justice McTague established various rates of wages. In Halifax he established 75 cents.

Hon. Mr. MITCHELL: 85 cents in Halifax.

Right Hon. Mr. HOWE: In Halifax. At that time, anyway, he established one wage for Halifax, another one for Quebec City, another one for Montreal and Toronto.

Hon. Mr. MITCHELL: And the upper lakes.

By Right Hon. Mr. Howe:

Q. A lower wage for two shipyards on the Great Lakes, a higher wage for a third shipyard, and a higher wage than that for British Columbia. You recall that? As I understood it at the time the reason was it was based on the productivity of labour in the yards. In other words, he established a differential which he believed would allow the yards to live in competition one with the other. I think the great difficulty in attempting to settle this dispute is that the condition has been laid down that there must be equality of wages between three similar operations operating under very different economic circumstances. A good part of your brief is devoted to showing the earnings of the Steel Company of Canada?—A. Not of the brief.

Q. The earnings of industry generally which would include the Steel Company of Canada. The great difficulty is you are attempting to set up an arbitrary standard. Mind you, I am just discussing this. I should like to get your view on it. You are setting up an arbitrary standard of wages which in the opinion of the steel industry would allow one unit to prosper, another to dodge between profit and loss, and a third to go broke on it. Now, you referred to the relation of productivity to the wage level, and I think very soundly. Why should that be a bar in the present dispute? In other words, if a man hour in Dosco does not produce the earnings of a man hour in Stelco why must the wages be the same, and how can you expect those weaker units to live?—A. We are quite close together, and I think we can become intimate. You asked me a series of questions.

Mr. JOHNSTON: Don't tell us that.

The WITNESS: That is a fact. We have got along very well. I think if you and I had been left to figure this out there would have been no strikes at all. Unfortunately I cannot say that about the rest of your colleagues in the government of Canada. As to the activities of Mr. Justice McTague when I read that part of the brief about Mr. Justice McTague it was not with a view to giving him a headline in the *Globe and Mail*. I know he is a very good Conservative. It was with a view to being honest and just to the man concerned.

In the shipbuilding industry when we brought up the question of stability of wages with Mr. Justice McTague there were at least 14 wage differentials in the shipbuilding industry. The highest wage was on the Pacific coast. The lowest possible wage was in the province of Quebec. Comparing Quebec with the province of British Columbia there was in some cases a wage differential of as high as 45 cents an hour.

By Mr. Smith:

Q. The same job?—A. The same job.

By the Right Hon. Mr. Howe:

Q. Not the same job?—A. The same job. That is the extreme. Others were 25, 35. In some of the yards in Nova Scotia a not much better picture was obtaining at that time. The main yards at St. John and Halifax had a 10 cent differential. The lakes were sort of a scrambled situation between Quebec and the maritimes. As a result of Mr. Justice McTague's survey, carried on by Mr. Ley on behalf of the board and his colleagues at that time, outside of wooden shipbuilding, which was given a special category, we were able to reduce those differentials to an overall differential of 10 cents an hour.

Q. Oh, no.—A. All right; your Quebec workers to-day have 80 cents an hour in comparison with 90 cents an hour on the Pacific coast before the recent wage increase on the Pacific coast.

As to the other question of productivity and whether discrimination should be shown against Stelco as compared with the Steel Company of Canada—

Mr. CROLL: Stelco and Dosco.

Mr. MAYBANK: You used the same word twice.

The WITNESS: I beg your pardon. So that there will be no misunderstanding, Dosco, as I have read the evidence, in so far as its steel operations are concerned, and I think its coal operations as well, has been one of the charity agencies of this dominion.

Right Hon. Mr. HOWE: No, no.

The WITNESS: At the public expense, or some of the investigations that have been conducted have reported wrong figures. At least, the public purse has been supporting the operations of that industry and coal as well to a substantial degree. Despite that, so far as I know, there has been no basic attempt to modernize that plant and bring it up to modern standards. I would say if that be the case then the quicker the government of Canada takes over that operation the better it will be for the citizens of Canada. If they are going to pay the shot, if you and I are going to pay for it in taxes then we should have something to say about the basis on which production is being operated in that maritime plant. When we lay that foundation, when we assume our responsibility, it will be time then to consider comparisons between a public enterprise as taken over by the government of this nation and a private enterprise in Hamilton. It might be a very good thing to determine which is the most efficient in the light of the national economy. That would be my answer. Take it over; if we are paying the shot let us take it over.

Right Hon. Mr. HOWE: I am sorry but I have got a meeting I have to go to. I wonder if the Department of Labour would bring the McTague award on wages in shipyards. I would like to check my memory against yours. I think the spreads were wider.

The WITNESS: We may be a few cents out either way.

Hon. Mr. MITCHELL: That rise in the cost-of-living index is 5·2, not 6·2.

The WITNESS: Then I am either reading the book wrongly or the book has been stated wrongly.

Hon. Mr. MITCHELL: January to July, 1946.

The WITNESS: Your figure for February 2 is 118·9.

Hon. Mr. MITCHELL: Yes.

The WITNESS: The figure that appeared in the press to-day as the latest one for July is 125·1, an increase of 6·2 per cent.

Hon. Mr. MITCHELL: I am informed it is 124·1.

The WITNESS: Well, the papers have got it wrong.

Mr. SMITH: Were there not two figures published, 124·2 and 125·1, by the same government agency? That is my understanding. I think there is one

figure published in connection with the civil service increase. My memory is not good, but I have seen both these figures in the last couple of days, I know that.

By Mr. Case:

Q. There is one item on page 3 of Mr. Conroy's brief. It is down in the third paragraph. It commences:—

It was found that in the case of the automobile industry, the government could not induce the employers to sit in with the union representatives. Some work was done in bringing together representatives of the steel industry and representatives of the United Steel Workers of America, but as a result of an incident between representatives of the United Steel Workers of America and the Minister of Reconstruction nothing more was done about setting up an industrial council in the steel industry.

I was wondering if you would like to comment further on that. It leaves it in a position where I do not know why there was nothing more done.—A. It is important and yet in the final analysis not very important, but I will give you the facts with particular reference to the incident in steel. Steel, as the record shows, has been asking for an industrial council in that industry for a number of years. In accordance with the statement in my brief their representations were not treated with too much enthusiasm. In addition to that there were many problems arising out of a young organization. One day when Mr. Howe was enjoying a game of golf at Toronto one or two of the representatives of the United Steel Workers of America decided, since it is not very often Mr. Howe is in Toronto, they ought to take advantage of the occasion to pay their respects to him. They took an unofficial method of making their representations, and if I remember the quotation from the *Globe and Mail* at that time, Mr. Howe listened very patiently and very faithfully to the representations of the steel workers and then told them to to hell. That was the industrial council of the United Steelworkers. We haven't heard a word about it since.

Mr. HOMUTH: Do you take the *Globe & Mail* as a bible?

The WITNESS: I take the *Financial Post* as a bible.

Hon. Mr. MITCHELL: If Mr. Howe told them to go to hell—I would hate to tell you how many times I have been told that very same thing. Replying to Mr. Smith, there are two indexes, the 1935-1939 average.

Mr. SMITH: That is the 100·8?

Hon. Mr. MITCHELL: 100·8 and it went up to 125·1; that makes it 5·2, using 1939 as 100; and the other one went from 118·9 to 124·1, that makes it 5·2 just the same.

Mr. SMITH: There is that 100·8?

Hon. Mr. MITCHELL: Yes.

Mr. MAYBANK: This the important figure; the 125·1, wherever it came from, would appear to be 1 point in error.

Hon. Mr. MITCHELL: No, it is not in error. There are two distinct indices.

Mr. MAYBANK: I see.

By Mr. Lieff:

Q. Referring to that second recommendation you have made which relates to industrial council; perhaps you will remember the cross-examination of Mr. Millard in that connection?—A. Yes.

Q. I was wondering if you would care to tell the committee how far you go along with Mr. Millard in connection with that industrial council; or, do you go as far as he does, or farther?—A. Well, on principle I go along with Mr. Millard, of course; not because of his particular views in the matter, but

because it is a matter of policy in our congress, not only representative of steel workers but representative of all our unions. We feel that the industrial council method, I think the name is relatively unimportant, but I think it can make one basic contribution to good relations.

Mr. HOMUTH: What?

The WITNESS: Make one basic contribution to good relations. First of all, it will bring more parties together, a thing that is very sorely needed. And I think there is a very great need of getting people together, and in that way it can play a very important part, a getting together on public forums such as this. The present basis of contribution seems to be for both parties to try to make peace with a sling shot in each pocket and then they proceed to fire rocks at one another to maintain their good relations. I say you cannot agree with a man you do not see. You have got to know him. You have got to sit around the same table and find out what is going on in his mind, to find out his problems and let him find out your problems; and when they are found out on both sides with development of mutual respect, both employers and in the unions, a sure foundation will I think be laid for trust instead of suspicion by the elimination of the agitative status of the unions on the one hand and the employer on the other. Well, here at the present time, the contribution to peace by the employer for instance, will be that he will say that the union leader is a communist. And your employer is quite surprised, in fact many times amazed, when you say to him; "do you know what this union leader says about you?" "No", he says. He says, "you are a fascist". There are problems on both sides. First of all you bring both parties together in an atmosphere of mutual respect. Secondly, you delve into the other parts of industry, and on the theory that labour is at least equal to capital—because investment in labour is at least equal to money invested—the problems are mutual. The outcome of a badly developed industry or a good developed industry is going to have an impact on both parties. I think that all the problems of industry are the problems of both parties. There cannot be reservations on either side. And in our economy as soon as we bring commodities into being they are for only one purpose, to consume them; because there is no other purpose in making shoes, washing machines, or anything else, they must be consumed. We say that industrial councils planning the production in industry—if we must have profits let us relate profits to wages in their proper perspective, get a balance in the industry; and, having done that by popular, and social control or the government—have a supervisory voice over these councils in the interest of the public and lay a foundation for maximum production and maximum consumption.

By Mr. Homuth:

Q. You would not suggest that we predicate wages or profits, would you?—

A. I would say, first of all, sir—

Q. I mean that quite seriously, you would not predicate wages or profits?

—A. I would say, that labour would be entitled to a living wage.

Q. I take that as fundamental.—A. We believe very sincerely that there is nothing in the economy of Canada, despite its contradictions, to prevent every industry in this nation from providing a decent health and living standard for all workers. We contend it cannot be done by employers standing on one side of the street and the union representative standing on the other side of the street heaving rocks at one another, that it can only be done by each making mutual contributions for the welfare of that industry with government exercising social control to see that it does not develop into something else.

Q. And then, Mr. Conroy, we have had one example, and I would take it from some of the evidence produced in this committee, that if an industry that is operating cannot reach that point to which you aspire on behalf of

your people, that the government ought to pay a subsidy. I am just telling you frankly that I do not think industry that has to have a subsidy ought to exist. But what I want to ask you is this: in view of the fact that there is that position in industry in this country, what would your attitude be, speaking on behalf of the people you represent, with regard to the payment of subsidies to industries?—A. I would say, sir, that first of all I think we ought to determine what a subsidy is. I know we all accept the common term of what a subsidy means. But it can be and it may be a totally different thing in application. You may have an industry that is operated on a basis of extreme inefficiency. And to pay that industry a subsidy I think is a national crime, to subsidize inefficiency. And to say in the final application of a subsidy, I would say it is a matter of balance. First of all, if the government is going to pay a subsidy it should have a definite, vigorous controlling voice in the operation of that enterprise to see that it is doing its job in the right way. If when that efficiency is introduced into the enterprise it still needs a subsidy, that is a matter of public necessity, then I believe in that circumstance a subsidy is justified; but only if the industry itself is living up to its responsibility and exercising the greatest possible degree it can to bring the utmost efficiency into that industry.

Q. In other words, you would only pay a subsidy in an industry which is an important part in the economic life of the country?—A. Well, I think it would go beyond that, sir. You will notice that is one of our complaints on the attitude of the chairman and his colleagues of the National War Labour Board, that they are looking at these things on a purely judicial level. We claim that this is a Christian country. We claim that one of the fundamental tenets of Christianity is charity towards all human beings. I do not know that there is any difference of opinion in that. You cannot determine the life of any nation by a set of figures. Co-relative to good economics, to efficiency, you cannot exclude humanism from the problem—the human factor—unless you want to exclude humanism from the whole life of the whole nation. So I should say there may be cases even under public ownership, where the industry cannot pay a decent living standard; but where the whole economy of the nation, taking in all industries, is in a comparatively healthy sense, there is no reason why in a case of that kind the economy of the nation should not stand a subsidy to protect human welfare.

Q. In other words, Mr. Conroy, you believe and I believe that if an industry develops in some section of this great mass of country that we have, stretching thousands of miles, or in some particular area we develop some industry that provides employment for the people and a living wage for them and so on, in order to do that the great national economy of the country should be sufficient to pay to them any subsidy that would be necessary in order to make them part of our national economy and give the people a living wage. Is that correct?—A. With perhaps one reservation, sir. Provided, on the employer's side, the employer is making a contribution worthy of the industry; provided further, that there is a proper understanding on the part of the government, representing the people, that there is no such thing as profit abuses but that the thing has been considered purely on its national merits.

Q. Mr. Conroy, there is something that has worried me somewhat, particularly during the war years when there has been a heavy income tax on the worker. We hear a lot about absenteeism from industry and we have had a lot of it. We have had it in all industries of the country, with the result that perhaps on Fridays and Saturdays—or perhaps just on Saturdays alone—the men stayed away from industry and took on little private jobs. Maybe they

are doing some gardening or some mowing of lawns or something like that, for which they get some cash payments. If they worked in the industry and that wage was turned in to the Income Tax Department, of course they would have to pay income tax on it. The result was that there was considerable absenteeism in labour. You know it and I know it. Everybody in industry knows it. Would you say this: if there had been some modification of the exemptions in the low brackets or rather I mean in the industrial workers' income—not necessarily the low brackets—over the past few years, might that not have done a lot to eliminate absenteeism in industry?—A. Well, I am probably not as big a patriot as Patrick Henry, but I will offer my opinion.

Q. I beg your pardon?—A. I say I am probably not as big a patriot as Patrick Henry who said, "Give me liberty or give me death."

Q. But Patrick died, of course.—A. I am still here. I would say this quite soberly: I think in the crisis the nation has passed through in the last six years from 1939 to 1945, all of us would be less than good citizens if our first and primary consideration was not the national interest; because in thinking in those terms of national interest it is, after all, our own individual interest. That being so, we must accept that period as one where extraordinary things have got to be done, things that by the ordinary yardstick could not be excused or could not be approved of. But as a general proposition, taking that as the result of that extraordinary period, I should say your average worker is looking for something in the same sense as you provide. He finds himself working overtime, or did, rather; he is not working much overtime now, I do not think. He finds himself working and moving into a new tax bracket. He finds that, in effect, instead of making more money he is earning less money, so the incentive is removed from staying on the job. I should say, taking into consideration the two things, first of all our national duty to our own country wherein we are morally bound to do everything we can to help our nation, that the effect of the taxation should be taken into consideration against the good or bad impact on the whole national economy. For instance, if heavy taxation is on the one hand garnering in so much money for the national exchequer but on the other hand is reducing and depleting the national productive wealth of the nation, then I should say it is bad taxation and should be discontinued forthwith; followed by this, and I do not make any apology when I offer it to you. As a fundamental premise we have said to the government that the man who is making \$1,000, \$1,500, or \$2,000 a year is just getting enough to get by on and no more. He is buying a few war bonds; he takes his wife to a show, or perhaps somebody else's wife as the case may be. But in the main I think, having in mind the tremendous potential of the country's wealth, we could well afford to let that poor devil down at the bottom with \$1,000 or \$1,500 escape scot free and leave him with the incentive to stay on the job and produce more sources of wealth for the whole nation.

Q. Now, Mr. Conroy, I say this because these are more or less practical things that occur in a small town such as I am living in. You advocate and members of the various unions advocate a 40 hour week, or at least a 44 hour week. In the great economy of this country we have tens of thousands of people who have reached an age where perhaps through very great thrift they have saved a little money so they are able to get out of industry, out of the actual 8 or 10 hour a day work. They are able to do little odd jobs. They do gardening, the mowing of lawns and jobs around the municipality; they look after furnaces in the wintertime and so on. That is their livelihood. Suppose that as a national ordinance in this country we should say that we subscribe to the 40 hour or 44 hour week. Are the unions prepared to say to their men, the men who fight for this and fight for the take-home pay—

in other words, that for the 40 hour week they get a 48 hour take-home pay and for a 44 hour week they get a 48 hour take-home pay—"You should not step into the positions of these other men, of whom we have thousands in our country, many of them in the small municipalities"? Are they prepared to say you will not step in there and steal their jobs away from them? Are the unions prepared to have any influence over your 40 or 44 hour men to see to it that those hours of leisure which they desire because of the tremendous effort that they have to make in their steel works or other works, are going to give them hours of rest, not hours of labour as against a great lot of people who depend on these little jobs to get their living?—A. I think that is a very good reason, sir, for this reason—as members of the House of Commons you are practising the self-same thing as the members you are referring to of our trade unions. You work in the House of Commons; you get a stated salary; you practise according to your private occupations outside of the House and sometimes during the House; and I agree that the same practice exists in the ranks of some of our rank and file. But I would make this somewhat bold assertion, that you won't find a single union in the country who won't be prepared to say to its membership: one man, one job; and in the main, I think for a somewhat selfish reason. If we are not going to have more leisure now, but greater leisure in the future, if we are going to develop greater and more productive technological processes, it is important that trade unions cleave by their own principles and get a 40 hour week and observe the morality of it and not steal any other one's job. I do not think you will find a trade union in the country who won't go along with you and try to influence its own members to stay in their own jobs and keep out of other people's jobs as well.

Q. Coming from a municipality and district such as I do, I can see the man who has his eye on a little corner grocery store which he would like to purchase and eventually go into business for himself; so he works his legitimate hours. And I know a lot of union men in my riding, and they can see that by a little extra effort on their part and perhaps on the part of the wife, they are going to make a little extra money and eventually, in the course of a year or so, be able to buy that little corner grocery store and set up in business and become capitalists. Now then, we must be very careful, should we not, to see to it that that desire, that energy, is not stymied in any way.—A. You are submitting to me two opposing questions and I find it somewhat difficult to satisfy both of them. You are asking me, on the one hand, if we would be prepared to influence our unions to prevent men from taking other people's jobs and I have answered that in the affirmative. Now, you ask me another question: if I would be willing to have a trade union go into private enterprise and go into another job. I say I have no moral objection to a man exercising his own citizenship rights in this respect. All the unions in the world—while they might be able to exert a moral influence—cannot take away from an individual the right to go into a corner grocery or into any small business that he wishes. There is nothing in any union constitution to prevent it. I have never heard it discussed in any union meeting. I doubt if any leader of any union would countenance any prohibition of a man going into a corner grocery store if he so wishes.

Q. I rather liked your brief this morning. I think there was a lot of good sense in it.—A. Thank you!

Q. But what I would get at is this: When men fight for certain hours a week in order that they may have leisure hours, if they have the ambition to go on and take other work over and above their leisure hours as provided through their union agreements, with the ambition that they are going to buy a corner grocery store or start up a repair shop or something else, there is nothing in your organization that is going to curb them from doing so, even

though by so doing they do take, perhaps, the bread and butter from the mouths of someone else in those leisure hours?

The CHAIRMAN: Mr. McIvor, please.

Mr. HOMUTH: Wait a minute, I am not talking about the government. I am talking about economics.

The CHAIRMAN: Order, order!

By Mr. Homuth:

Q. I asked a question of Mr. Conroy and I am very serious about this.—A. That is one of the intangible situations for which no law can be propounded. You cannot lay down a rule to curb a man's ambition.

Q. Is it a matter of personal enterprise?—A. I suppose it is. I do not know of many workers doing it, although there is an occasional one.

By Mr. McIvor:

Q. I think the witness has given us a splendid brief and I agree with him in a good deal of it; but part of it I do not agree with. I certainly agree with him, that labour should hold on to the weapon of the strike; but I think he will agree with me that the strike should be used very sparingly; and my reason for that is that in the *Ottawa Journal* there appeared a report that the A.F.L. of the United States, without any strikes, had saved \$1,000,000,000 in increased wages for its workers; and the C.I.O. in the United States had lost for its workers \$750,000,000. The witness will agree with me that strikes should be used very sparingly. Now, as a member of this committee, I want to come to my own conclusion and use my own judgment. We have had a splendid brief from the C.I.O. and Mr. Conroy has given us his brief to-day, that is, the Congress of Labour; and I expect we will have the brief from the A.F.L.; at least, I am going to insist on that point because we should hear all sections. Now, we have these three unions and there is another union in Quebec which is doing a good job. I would ask the witness if the leaders of those unions ever get together in a brotherly way.—A. Well, sir, I suppose, to the same degree as the leader of the Conservative party and the leader of the Liberal party.

Q. Then there is a lot of hope.—A. You have done some good work despite yourselves.

An Hon. MEMBER: Do not forget the C.C.F.!

The WITNESS: First of all, dealing with your assertion as to the quotation about the American Federation of Labor saving \$1,000,000,000 wages without the loss of a single day's strike; my union is the United Mineworkers of America. I have belonged to that union most of my life. It is a rather fortuitous situation that the American Federation of Labor can make its declaration of gaining a billion dollars without a strike forgetting that the United Mineworkers, with a membership of 500,000 in the United States, and an affiliate—in fact the largest affiliate—of the American Federation of Labor, had been on strike in the last six months seventy-eight days in the one portion, and many of the other unions throughout the United States were on strike as well. Without entering into the polemics of the situation and without being controversial, I would make bold to make this assertion: had it not been for the drive of the C.I.O. in the United States, the A.F.L. would have had to go on strike as well and we in our crude fashion, and the government of Canada, notwithstanding, by pressure through our unions, through our congress, in trying to prevent strikes—and that is important; not to use them but to prevent them—as noted in this brief, have been responsible in convincing the government of Canada now that 10 cents an hour should be granted when, without a strike in January, they would not agree to one cent, let alone 10 cents. Now, if that is the abuse, you have got to balance

all the factors, one against the other, to find out where the abuses are. Whether the strike in this case has been of beneficial effect to the mind of the people because you can get 10 cents an hour increase just by asking, I do not know, but I say that we won't give up the strike weapon. I would say in this instance, regretting the stopping in production and regretting the dislocation the strike has brought on, more of the public are concerned in the national economy. It was responsible for the appointment of this committee. You are now getting facts about the industrial situation in Canada which you could have got without the strike. I hope you get more. I hope you get the Chamber of Commerce and other institutions to come in and help you do a job.

By Hon. Mr. Mitchell:

Q. I would like to ask this question. You said you could not get 10 cents an hour increase without a strike. The pulp and paper industry and many others received those increases without the necessity of a strike or prior to yourself calling a strike without using the machinery created for this purpose. These other industries did. I have not got the figures with me. If I could give you the figures of the American Federation of Labor and your own organization on strikes, I think the figures would amaze you. You are entitled to your own point of view. I think these other organizations are entitled to the credit of going through the machinery and they got the very thing you say you are, at the moment, on strike for.—A. I am not able to appreciate the preference of the Minister of Labour in Canada for the American Federation of Labor even though it was done with a good intention.

Q. You used to belong to it once yourself?—A. Yes, I was kicked out of it because of some of the very people you are praising. Is it not a fact that in January you were requested particularly by our congress to evolve a wage formula and not only was nothing done but the regulations were amended in such a fashion that a week after they were amended that it took a strike to change the regulations. As I have cited in the case of the Canadian Brotherhood of Railway Men and Transport Workers in applying for a little over \$12 a month, a very short time after the regulations were amended to provide for a greater leeway in wage adjustments, despite the employers and the union and despite two railway hotel companies that prices would not be increased, the joint application is turned down and it took the threat of a strike to get the award, and it was only shortly afterwards that the 10 cents, now regarded as a formula, became the pattern. Referring to the pulp and paper makers, particularly on the Pacific coast, it is not a secret; it is a publicly recognized and accepted fact that the 15 cents given to them was two weeks after the calling of the I.W.A. strike and the paper makers got the increase to prevent them from going on strike, as well. These are the facts.

By Mr. McIvor:

Q. In following up these different labour organizations, you said you were very much like the different parties in the House of Commons. Of course, you know that each party in the House of Commons thinks they are right. I think that I am right, or I would change. Therefore, I am forced to come to the conclusion that these labour organizations, four, five or six or more, are out to get control of labour. I do not know whether that is right or not, but it looks a little bit like it. You think you are right, and I appreciate the positive way in which you put your statement because we do not want to listen to a man who is not sincere. You have convinced me that you are sincere. I think the words of the old song "The more we get together, the happier we will be" would apply here. I do not like that part of your brief when you condemn the government for everything done and I ask you if you do not think that in the past ten years

there has been passed here better labour legislation than in any other country in the world? Some people will not agree with me.—A. Even Mr. Mitchell won't agree with you.

Q. We have got collective bargaining and we have got holidays with pay. I was glad to hear you tell the minister that if you and he got together you would probably be able to settle all the strikes. The way that Mr. Howe treated his own staff in Port Arthur would convince me that he would be fair to labour. The only other thing I have to say is just that we have got to get together. I agree with you on this point that labour is a very important factor in production. Money, to me, is not half as valuable as human life and never was and I hope to God it never will be. That is the trouble with a lot of people. I sat here the other day when Mr. Maclean was being questioned. Our trouble is that we want to get and get, and get without giving anything.—A. Mr. McIvor goes on at some length about the divisions in the ranks of labour. I quite agree with him forthwith that that is very regrettable. I am not talking with my tongue in my cheek when I say that I look forward to the day when all ranks of labour will be able to sit around one table.

By Mr. Gibson:

Q. In one party?—A. I suppose it depends upon the party. My friend speaks about the different groups that are out to control labour through jurisdictional disputes. When are the Catholics, Protestants and Jews going to get together? That is the biggest dispute in the history of all nations. The Catholic says he is right; the Jew says he is right and the Protestant says he is right. What can you expect to exist in the ranks of labour if that exists in your own particular ranks?

Mr. McIVOR: You mind your spiritual leader.

Mr. HOMUTH: Did you say a spiritual leader or our spiritual leader? If you said ours, I was going to object.

The WITNESS: I am riding the fence in this matter.

By Mr. MacInnis:

Q. I just want to ask you one or two questions. In your brief you refer to the National War Labour Board and I think you gave it as your opinion that organized labour had completely lost confidence in, shall I say, the integrity of the War Labour Board. Is that correct?—A. I do not know that "integrity" is the proper word. They lost confidence in the applications of the National War Labour Board.

Q. Their ability to deal imaginatively with disputes?—A. That is a fact.

Mr. BLACKMORE: Realistically.

Hon. Mr. MITCHELL: Poor Donald Gordon and the War Labour Board.

By Mr. MacInnis:

Q. There has been considerable said about observing the law. Has it been your experience that the National War Labour Board will give a better decision to an organized labour group provided it is faced with a strike than when it is not?—A. Oh, I think that is more or less history. The government has demonstrated its capacity to recognize a strike as a fact in the decisions it arrives at. There have been several. I might quote offhand the United Mine Workers in the west about three years ago or thereabouts when they were turned down by the National War Labour Board. A commissioner was appointed and they went on strike despite the commissioner and they got \$1 a day increase and a change in their vacation from one week to two weeks. That was approved of by the

government. Then there was the packing house question. The increase was not so great. The principles were the same. There are other cases I just cannot recall at the moment.

Q. You gave another instance on page 7 of your brief of the employees of the two railway hotels?—A. That is right.

Q. Reference was made to the I.W.A. strike in British Columbia and to the granting of an increase to the pulp and paper workers on the Pacific coast. What was the amount of those increases?—A. There were two sections to that award. To 75 per cent of the loggers and the mill workers on the west side of the Rockies, to the extent of about 27,000 the decision of the government conciliator and arbitrator, Chief Justice Sloane, awarded 15 cents an hour plus the equivalent of 3 cents an hour to those 27,000 loggers and mill workers for time and a half over 44 hours, the equivalent of 18 cents an hour.

Q. That was done while the strike was in progress?—A. Right. The other part was in the interior of British Columbia affecting about 8,000 loggers and mill workers where the organization was relatively new. The basic increase there was 10 cents an hour superimposed upon compensation on different wage classifications varying all the way from 2 cents to 12 cents an hour, thereby making the increase from 12 cents an hour up to 22 and 24.

Q. That, too, was done while the workers were on strike, was it?—A. Yes.

Q. In the case of the pulp and paper workers they got an increase of 15 cents an hour through the board without a strike. Having had at least these two or three instances of the 15 cents an hour increase would you say that the 15 cents an hour increase, at least as far as western Canada is concerned, has become the pattern for increases in wages?—A. I think it is so regarded although it is important to say this, that the I.W.A. who went on strike got their 18 cents—

Mr. GIBSON: 15 cents.

The WITNESS: 15 plus 3, their 18 cents at the end of the strike as a result of the employers appearing before the British Columbia Regional War Labour Board, and got it, comparatively speaking, in twenty-four hours. The pulp and paper workers, who got 15 cents through negotiations but did not go on strike, to the best of my knowledge have not yet had their increase in wages.

By Mr. MacInnis:

Q. It has not passed the national board?—A. It has not passed the regional board.

Mr. HOMUTH: You said "western Canada". You meant western Canada or British Columbia?

Mr. MACINNIS: I thought I said "British Columbia".

The WITNESS: In answer to your question I think it is fair to say 15 cents an hour is regarded as the British Columbia pattern.

By Mr. MacInnis:

Q. And your organizations in eastern Canada are asking for the same thing with variations?—A. Right.

By Mr. Smith:

Q. I want to ask you one question only arising out of something you said a moment ago. I gather that you are of the opinion that the sittings of this committee have been worth while owing to the fact there has been public education through the generosity of these people back here in the cheap seats. That has made the sittings of this committee, in the judgment of your committee, quite worth while. Is that your view?—A. I would say that education that is worth

while is always of value to those who receive it. I would hazard a guess that might even apply to members of parliament because I am convinced, with all due respect to your long and vast experience—and I mean that—that unfortunately a lot of members of parliament do not try to acquaint themselves with these vast problems to the same extent you have done yourself. Answering your question, were it possible to secure this education without a strike, not without half a dozen, but without a single strike, that would be the finest education the country has ever enjoyed, but seemingly human beings do not seem to be clever enough to see the needs at the right time. Their hindsight is usually a little better than their foresight. The act, the drama has got to be committed before we find out what the drama means in human terms and human tragedy. That, as I see it, is an unfortunate part of this whole business, that a committee of our peers in the House of Commons have only found out now what is happening in this nation, largely owing to parliamentary neglect in the past and a lack of awareness of the problem and the part that labour relationships have to play in this nation.

Q. I was speaking of the general public. Do you think it has been worth while from that standpoint?—A. Provided something is done about it in a constructive sort of way; otherwise it may be just another committee.

The CHAIRMAN: It is 5.30. I understand that the committee will sit to-morrow morning.

Mr. GILLIS: Is it understood that Mr. Conroy will come back to-morrow morning?

The CHAIRMAN: Yes.

The committee adjourned at 5.30 p.m. to meet again on Thursday, August 8, 1946, at 11.30 o'clock a.m.

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SESSION 1946
HOUSE OF COMMONS

(STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE


No. 16

THURSDAY, AUGUST 8, 1946

WITNESS:

Mr. Pat Conroy, Chairman, Wage Co-ordinating Committee, Canadian
Congress of Labour, Ottawa, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



ORDER OF REFERENCE

THURSDAY, 8th August, 1946.

Ordered,—That the name of Mr. Bentley be substituted for that of Mr. Moore on the said Committee.

Attest.

R. T. GRAHAM,
Deputy Clerk of the House.

MINUTES OF PROCEEDINGS

THURSDAY, 8th August, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Bentley, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Howe, Johnston, Lalonde, Lockhart, Merritt, MacInnis, McIvor, Mitchell, Ross (*Hamilton East*), Skey, Smith (*Calgary West*).

In attendance: Mr. Lieff, of Counsel for the Committee.

Mr. Pat Conroy was recalled and questioned.

On a point of order, Mr. Smith objected to the witness being asked his political affiliation, or the political affiliation of the body he represents. The Chairman ruled that such questions should not be asked.

Mr. Lieff filed a supplementary submission of Algoma Steel Corporation Limited. (*See Appendix A to this day's evidence.*)

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m. this day.

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Bentley, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Howe, Johnston, Lalonde, Merritt, MacInnis, McIvor, Mitchell, Skey, Smith (*Calgary West*).

In attendance: Mr. Lieff, of Counsel for the Committee.

Mr. Conroy was recalled and further examined.

Discussion took place respecting the advisability of dispensing with the reading of briefs, prior to incorporating them in the record.

On motion of Mr. Smith,—

Resolved,—That the briefs referred to by Mr. Conroy be filed and made part of the record, and that the persons preparing them be called for oral examination if any member of the Committee so desires.

Mr. Conroy presented a typed statement respecting Price Increases. (*See Appendix B this day's evidence.*)

Mr. Lieff filed briefs in respect of the following organizations:

1. The United Electrical, Radio and Machine Workers of America, District 5. Witness will be Mr. C. S. Jackson. (*See Appendix C to this day's evidence.*)

2. United Automobile Workers, C.I.O. Witness will be Mr. George Burt. (*See Appendix D to this day's evidence.*)

3. United Rubber Workers of America. Witness will be Mr. Joseph Mackenzie. (*See Appendix E to this day's evidence.*)

Mr. Conroy retired.

The Committee adjourned at 5.30 o'clock p.m., until Friday, August 9, at 3.30 o'clock p.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

August 8, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 o'clock a.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: Order, please.

Pat. Conroy, recalled:

By Mr. Case:

Q. Mr. Chairman, Mr. Conroy represents the Wage Co-ordinating Committee of the Canadian Congress of Labour?—A. Yes, sir.

Q. And Mr. Millard is director of the United Steelworkers of America?—A. Yes.

Q. Do your two organizations interlock; is there some affiliation?—A. The congress is the parent body to which the United Steelworkers of America, as well as other organizations, are affiliated. The Wage Co-ordinating Committee, as explained in the first paragraph of our brief is a sub-committee of the congress to which individual organizations, such as the United Steelworkers of America, may or may not be affiliated.

Q. You are considered the central body?—A. The wage committee is the central body on wage matters.

Q. Do you have direct affiliations with local union organizations?—A. The organization affiliated to our committee, such as the United Steelworkers of America, represent all the local unions on that committee. It is the central body of all the local unions throughout the country.

Q. They have some other title such as the United Woodworkers of America?—A. Yes, they are all affiliated.

Q. In the matter of union dues, you would receive a proportion of dues from the United Steelworkers of America?—A. Yes, we have what we call a per capita tax. We receive three cents per member each month. We have also some miscellaneous trades that are not fully organized. We hold these unions until the proper jurisdiction is established, and then we transfer them to that. In the meantime, since the congress is servicing these unions, they pay 50 cents per month just on the same basis as the United Steelworkers of America pay 75 cents per month to their parent organization.

Q. In any dispute in any branch of the affiliated unions the Canadian Congress of Labour would be interested. How do you associate with them?—A. I would say that that would depend on the basis of the dispute. First of all, as to the nature and the extent of the dispute, and secondly, in accordance with the dispositions of the affiliated organizations. Every day throughout the organizations there is a multiplicity of problems of a minor nature. The affiliates very seldom seek out the advice of the committee on these problems, unless there is some connection with the government in Ottawa and because of our being situated here, they might seek our advice. In larger questions of national importance they would consult us. I would say, by and large, it is the practice of most of our affiliated organizations to come to the congress seeking our advice as to what is the best method of settling that problem.

Q. I am going to ask you a question that may seem very elementary to you, but it is not to me. I would like to get an answer to it. Where does the agitation or the desire for wage increases or dissatisfaction commence?—A. I would say in almost all cases the generation of demands for wage increases springs from the bottom from among the rank and file. I think the reason for that is very obvious. The man on the job, living either with a good wage or an unbecoming wage, as the case may be, feels the impact of day-to-day conditions such as the cost of living and other factors immediately, and usually the individual members communicate their thoughts to the local union. That is probably taking place in a substantial number of unions at or about the same time. It is a natural process that it gets to the top through the local unions. I know that there is a feeling abroad that the leadership stimulates these demands from the bottom. I have read it quite often in the press, letters to the paper and all that sort of thing. That may happen once in a very long while for this reason that labour leaders, as we are called, first of all, are human beings with whatever virtues human beings have and certainly with their failings, and they might stimulate sentiment among the rank and file. I say that on a rather haphazard analysis received out of day-to-day experience that that very, very rarely receives a favourable reaction among the rank and file. I would say that in 99 cases out of 100 the stimulation for these wage demands and other factors of dissatisfaction start at the bottom with the individual, proceed through the local union, through the district council of the organization right up to the top. As to the demands the leaders are asking from the employers now, I would say, by and large, they are created by sentiment among the rank and file.

Q. In other words you are not prepared to admit that the organizers are the agitators?—A. I will go as far as this. Naturally, leaders have to assume the responsibility of leadership, or they are not leaders. He has to point out the events of the day as they affect his particular organization just as national affairs affect your own particular party. It is inevitable that he is called upon to express an opinion in the same fashion that the leader of your party would be called upon to express one in the same degree in the House of Commons or the Chamber of Commerce.

Q. You made representations to the government, I think you said, last January?—A. Right.

Q. Intimating to them that an over-all increase of 10 cents an hour would satisfy labour and probably stabilize the situation until we were out in the clear. With what authority would you speak in that regard? There is no agitation. You say to the government, "You grant 10 cents an hour increase and we feel we can avoid any strikes of that character." The fact is that the government did not accept your advice; and from your remarks I gather you were speaking with the authority of the heads of all affiliated unions. What did you base your prediction on at that time?—A. Let me try to retail the developments as they happened at that time. The Minister of Labour, through Mr. MacNamara, sent a copy of the proposed formula of that time which the government had in mind. In addition to a lot of frills which I cannot remember at the moment, it was propounded that employers would be prepared to grant 5 cents an hour increase and he asked us to approve that. What the government was doing in a case of that kind was laying down what might be called a national policy that would affect all unions and was seeking the advice of President Mosher and myself in the capacity of national leaders in the congress to represent what might be going on in the minds of the unions throughout the country. We assumed that responsibility. We have to assume responsibility just as leaders in the government have to do from time to time. We have our annual conventions and we have our quarterly meetings. A leader has to assume that responsibility in between those meetings and he has

got to take his chance on being hauled over the coals for some mistake he may have made. We assumed that responsibility because the government was asking for a national policy. President Mosher and I examined the facts for about two weeks because we regarded the matter as an important one. We thought it warranted some careful attention. After about two weeks' examination of the capital and profit structure of Canada, we advised the government at that time that we believed that industry could stand a ten cent increase without any adjustment in the price structure, allowing production to proceed to rise over the transitional period until we were on safe ground and then the unions could bring in their ultimate wage problems for proper adjustment.

Q. You were just taking a chance that that would be acceptable?—A. We were taking a chance?

Q. Yes. You now say that had the government not acted in a too rigid way you could have avoided the trouble you are now experiencing. Suppose in steel you had said, "settle for 10 cents"; do you believe the workers would have been satisfied?—A. They would not have been satisfied because the proposition we made to the government at that time, and this is very important, what we submitted to the government was not a permanent wage adjustment; we were submitting a transitional adjustment to cover over everywhere, regardless whether any unions agreed or not, over a very difficult period.

Q. Did you have any idea as to how long that transitional period would last?—A. I suppose one's guess is as good as another's. I would estimate nine, twelve or fourteen months, or less. I could not say.

Q. That was your approach. You took a certain chance and you assumed a certain responsibility for it?—A. Right.

Q. In answer to Mr. Smith last night I think you suggested that it might be possible for you to urge the men to return to work pending settlement of the present industrial dispute, and he related it to the possibility of the review of everything. Supposing he had said to you that the negotiations would continue and any settlement subsequently made would be retroactive to a certain date; let us say, for instance, that you got a ten cent increase across the board, with any other settlement—to be retroactive. Do you still feel you could not settle it?—A. I think my answer to Mr. Smith yesterday in the matter of advising the men to go back to work—personally, I haven't that authority—undoubtedly my advice would be listened to with some degree of respect, and to be frank to you I am rather proud of that position. But to answer your questions without the slightest reservation, to know where I stand so that there will be no doubt about it; I would not today recommend to any union that they go back to work on a ten cents basis, for the very obvious reason that the yardstick we propounded in the month of January, ten cents—

Q. Would have been in effect now.—A. Would have been in effect now; but now—and this is the important factor in the whole situation—your ten cents of January is today worth roughly four cents and we cannot today make that recommendation.

Q. Supposing it was made retroactive to January, that would bring you back to your own point?—A. Let me propound this; say you effect your recommendation of ten cents in January plus six cents, the increase in the cost of living index since the first of January, we will get back to work tomorrow.

Q. Now, Mr. Conroy, you have expressed in your brief a complete lack of confidence in the National War Labour Board. Does that include the regional boards?—A. No, I would not wholly say so. I would say in the very nature of things you have roughly nine regional boards across the country, to lay down a blanket indictment of those nine national regional war labour boards I would say would be neither sound nor fair. I think from time to time your regional boards on the whole have done quite good work.

Q. Now then, you admit that there must be some organized body to which you can appeal, whether it is a government agency or what it is; now, is it a regional council, or what are you proposing should take the place of the National War Labour Board?—A. Well, ultimately we will go back to what is called free collective bargaining without some degree of government control in wages; at least that is the general expectation. What we are proposing is industrial councils. At the moment were government control abolished tomorrow we have as a substitute no approaching media in industry between either parties. There is the employer on one side. He may feel good about the union or he may feel the other way—generally speaking he will feel the other way. Because of that or in spite of that, I don't know, all the unions anyway might feel the same about the employer. Then you have the unions in a purely agitative status. This function is largely confined to calling John Jones the employer a skunk, or similar complimentary terms as the case may be; and John Jones the employer being human will probably indulge in a little repartee himself. Anyway, there is no avenue of approach available at the present time. The problem is not being approached, much less solved. And we say in effect that this combative attitude in industry has got to stop if we are going to get peaceful relations, that there must be some peaceful relations laid down to get over this continuous disturbance of industrial relations. So we say your employee, your union responsibility is of the same degree as that of your employer. The employer has invested his money in the enterprise, has certain rights, certain responsibilities. The union representative, the views of the employees have the other half of the investment. They represent the investment of labour. One without the other just cannot operate, at least under our present social system.

Mr. McIVOR: You would not say the one was more important than the other?

The WITNESS: I might quote Abraham Lincoln who said, that labour took priority over capital, but I won't go further into that at the moment. What I am concerned about is the laying of a foundation for peace, a basis on which both the employer and the unions can get together and each get the views of the other. If there is going to be a foundation laid for peace in these industries the best thing to do is for each partner in industry to recognize the other at the same level to overcome the present attitude of contempt by the employer for the union and the attitude of resentment by the union for the employer. It is something like the old argument about which came first, the hen or the egg; and I suppose that will continue always to be a matter for argument. We say to both parties, set up this council, recognize each other as partners in industry at the same level, with the right of the union to criticize the employer as occasion arises, and the right of the employer to do vice versa. Let us examine the picture and find what can be taken out of industry for all concerned, find out how much as part of the national economy of Canada that this industry can produce, find out when and if production reaches maximum to fill the needs of the Canadian people it will stand on its own feet; lay plans for a basic subsidiary structure for the proper relationship between wages, profits and prices; and which you will note in my subsection (a) of that proposal I said, "in the public interest", and have a representative of the public on these councils to prevent abuses. And, supplementary to that there should be I think an overall top mechanism established by the government in the form of a social control to supervise these committees in the public interest to see that they do their job in producing the maximum that an industry can produce. Where they are not doing it where they cannot do it, the government should endeavour to be of some assistance; with only one thing in mind, that the welfare of all the Canadian people be provided; to eliminate abuses, to put a maximum amount of commodities on the market; and if production is at a maximum it lowers cost;

and, secondly, do their very best to reduce the cost of commodities to the consumer consistent with paying a living wage and a proper relationship to profit.

By Mr. Case:

Q. In other words, you set up these industrial councils, and you would retain the regional war labour boards, but you would abolish the National War Labour Board and set up the Industrial Councils?—A. I do not think I have made myself too clear on that; it is the expectation that your boards, as presently constituted, are purely a wartime necessity.

Q. But there they are now; that is the thing that is bothering you?—A. That is the thing that is bothering me, but they are a sort of transitional apparatus that sooner or later will go out of business.

Q. They are the basic trouble?—A. I would not say that the regional boards are the basic trouble, but because of the lack of confidence; there is no point of my making a goat out of even the chairman of the National War Labour Board or even of the representative of labour because these men, on these boards, no matter what the disposition might be, whether it be good, bad, or indifferent, are, in fact, merely administrators of the government policy with which, in the past, we have not agreed. So, consequently, even where the extremely socially minded—even where they favour labour's viewpoint, their hands are tied by the regulations of taut government policy in wage matters. In short, while the National War Labour Board with the lack of confidence which we have in its administration is, in my opinion, to be blamed as secondary, perhaps, to the lack of proper government policy which the National War Labour Board has to administer; that, at the same time, is not withholding the blame from even the chairman of the National War Labour Board from not exercising what I might call a measure of discretion in looking at these problems as human ones and not as cold economic instruments that have got to be handled without any emotion in any degree.

Q. You are saying that the National War Labour Board is influenced by the government or by government policy.—A. I do not think it is not only influenced, it has to carry out government policy.

Q. It would be like an affiliation.—A. After all, the National War Labour Board is a very important apparatus and you cannot have a National War Labour Board going off half cocked on a range at complete variance with government policy. The thing would not show good sense.

Q. One of your objectives is a 40 hour week. You heard Mr. Homuth ask you, yesterday, would you be surprised to learn that there are people in the city of Ottawa who work two 8-hour shifts now?—A. I have heard of such cases from time to time.

Q. And that in the Parliamentary Restaurant there are girls employed in other jobs.—A. It is quite possible.

Q. So, if we had a 40-hour week, the tendency would be for them to seek other jobs as well in order to use up all their energy.—A. I would say, as a general proposition, that, taking the average human being, pretty much by my own reaction, I am just about as lazy as the average man in the community; that is to say, I do not want to do any more work than I have to do. Consequently, my reaction would be something like this: If I am getting a reasonable living wage, I am not going to seek to work 16 hours; but if I can get out of working 8 hours, I am going to do so. I presume that is an answer to that question, as a general proposition. I know there are exceptions to the rule, but we cannot accept an exception, we must accept the rule. Your average person does not want to work 16 hours a day if he can make enough in 8 hours.

Q. I would think so myself. You are familiar with Mr. Millard's summary?
—A. On the whole.

Q. On the last page, item 4 (c):—

A monthly adjustment, commencing in January, 1947, of 1 cent per hour for each point by which the cost of living index rises after July 1, 1946.

Have you an opinion upon that, sir?—A. I would say, no matter how you try to theorize, or theorize time and wages with respect to cost of living, that inevitably you come back to a frank admission that one affects the other in some degree. It is very obvious that if the cost of living is up 50 per cent to-morrow, there is going to be an awful convulsion all through the country. But I would say, we could do a fundamental job in properly tying in the correct relationship between profits and wages in the light of providing to the consumer the maximum amount to maintain a continuous production and productive economy. Then, I would say, with that fundamental then of tying wages and prices together as proposed by Mr. Millard, that it might have some merit; but at the moment, while it may undoubtedly provide acceleration to a solution of the steel industry's dispute, as a permanent solution, to me, it is only one of the facets of the whole situation and would have to be accompanied by much more fundamental treatment.

Q. I see some merit in it.—A. It might do this: if something of a penalty of this nature was laid down—and I know it cannot be laid down over night because I would guess it would be a matter of extremely high policy for the government of Canada to decide upon—it would not, in the nature of things be confined to one industry but would have to apply across the board. That is just a guess. But, perhaps, if a penalty of that nature were laid down it might be some means of achieving stabilized prices; that is to say, if an employer knew that at the end of the month, that as a result of giving increasing prices to the consumer he is going to have to pay a parallel equivalent rate in wages to the employee, it might be a factor in increasing prices.

Q. There are two schools of thought there; one might be the tendency to press it up. Mr. Millard argued that it would help to keep prices down. I suggest it would keep prices up. If you are going to have a 10 cent increase, it would remain for a period of six months before taking any drop if the index did come down. Now, in connection with your affiliations, you have indicated that the National War Labour Board is sitting very close to the government. You, too, have a political affiliation?—A. No, sir.

Q. Not as a union?—A. Not as a congress.

Q. Not as a congress?—A. No.

Q. I took the view that you had.

Mr. SMITH: I am sorry to disagree with a member of my own party but I do not think this man should be examined as to his political affiliation.

Mr. CASE: I am not examining him as to his political affiliation. I am only asking questions for my own satisfaction in this committee. I want to get what I can out of it, but whatever you do you do of your own free will.

The WITNESS: Please let me assure you before you ask the question that I think I have an idea of what you are going to ask, and please do not think you are embarrassing me by asking the question. I will be very pleased to answer any question you may submit.

Mr. CASE: If you are not prepared to answer it tell me and it will be perfectly all right.

Mr. SMITH: I am going to ask for a ruling, Mr. Chairman. This opens the door to all sorts of irrelevancies, and I do not know where we are going to end up. I am asking you for a ruling that this man should not, no matter how willing he is to answer, be asked questions about his political affiliations.

The CHAIRMAN: Is there anybody who desires to speak on this point?

Mr. CROLL: I can only reiterate what Mr. Smith has said that you are opening the door, and the first thing you know someone may go farther than political affiliations and decide that color may have something to do with it and then race may have something to do with it. I think we are on something that is not pertinent to the question. The matter was covered in the early stages. No one objected at the time, but it seems to me we are far beyond our scope, and there is no limit to it. We want to get down to the real basis. I endorse what Mr. Smith has said as to its not being relevant to the question.

Hon. Mr. MITCHELL: I agree. I think we have had that argument earlier in the committee. What Mr. Conroy's politics are is nobody else's business except his own, and that goes for any witness who appears before this committee.

Mr. CASE: I am not talking about Mr. Conroy's politics, but I think Mr. Conroy has already answered my question. If it is going to be controversial I will not pursue it further. My whole object was simply to see if there was a political affiliation and if that political affiliation was helpful to the union.

The CHAIRMAN: Order, please. I think that I ruled a few days ago—I do not remember exactly when—that I would not permit any discussion of the kind in this committee. Our job is much more important to the Canadian nation than to know to which party a group or person is affiliated. I rule definitely that I shall not permit any question of that kind, asking a witness to which party he is affiliated personally or the union which he belongs to. I am not speaking particularly to Mr. Case. I know that he understands the situation very well. I am speaking generally, and I ask the members of the committee to refrain from asking questions that are outside of the scope of our business here in this committee. I think that all members of the committee will share my views on that.

Mr. CASE: That is satisfactory to me. As I say, I hope I am not in any sense seeking to prejudice any individual or union.

By Right Hon. Mr. Howe:

Q. There have been some questions asked on government policy, and being a member of the government I should like to clear up a point. You referred, Mr. Conroy, to a proposal which was submitted to you—I presume by the Department of Labour—that there be a free bargaining area of 5 cents and your reply was that the free bargaining area should be 10 cents. There was no implication in that if the free bargaining was established that you automatically got 10 cents?—A. I am sorry that I have not the letter with me. Mr. Mac-Namara must have the original of the letter. We said this to the government. Employers and unions should be free to negotiate to the extent of 10 cents an hour. We recommended that as an immediate basic policy on contemporary wage adjustments at that time. We said further that where employers and unions agreed to that extent it should be officially O.K'd on an automatic basis by the national board. That is what I remember. There may be a difference in words here and there.

Q. The government did not adopt that policy, but it did give the boards more latitude, did it not?—A. I would say superficially yes, factually no.

Q. Did you ever test it?—A. One of our outstanding organizations tested it only a few days shortly afterwards. Shortly after the amendment to the regulations the two major railroads and the Canadian Brotherhood of Railway Employees and other transport workers applied for an increase of roughly \$12.48 a month. Under the new regulations it was turned down. That to us was a test of the legitimacy of the new regulations.

Q. Is that the reason you did not carry any more cases before the board? For instance, you never took steel before the board, and never have to this day?—A. You mean on no occasion?

Q. Well, on the broad adjustments?—A. As to wage demands action by the local union and their national advisory council was not taken until after that case was tested by the Canadian Brotherhood of Railway Employees, and because of it steel in conjunction with other organizations said, "Well, here is the new amendment and the same old story; what is the use of going to the national board?"

Q. I take it that was not the attitude of other labour organizations?—A. I quite agree.

Q. For instance, my statistical branch gave me this information which I thought might be interesting to the committee. During the year April 1, 1945, to March 31, 1946, the Canadian Congress of Labour had 113 strikes. The time loss involved 76,338 workers and the time loss was 1,398,220 hours. All other labour organizations in Canada in that period had 75 strikes involving 14,265 workers and the total time lost was 90,965 hours. Then in the period from April 1, 1946, to June 30, 1946, the Canadian Congress of Labour had 36 strikes involving 69,162 workers with a time loss of 1,303,274 hours. All other labour organizations had 41 strikes involving 14,740 workers with a total time loss of 243,955 hours. I think that bears out your statement that your particular Congress disregarded the War Labour Board completely and preferred to obtain its demands by strike rather than an appeal to the board?—A. I do not think it demonstrates any such thing for this reason, I notice you join with Mr. Mitchell in trying to highlight the virtues of other organizations compared to our own Congress. Since you represent the people of Canada and are regarded as being impartial in these matters I am unable to appreciate the slighting references that are indulged in here and there.

Q. Statistics are very impartial, are they not?—A. They are no more impartial than your own reference to the seamen's strike which you considered the biggest disaster in Canada at that time. Let us take the gloves off and go to town on this if there is going to be a fight about it. I will tell you why the union neglected the War Labour Board. Because we had no confidence in it, and we had no confidence in the policy behind it. We still do not have. The reason we have more strikes is because the majority of our unions are young unions. They represent the rising youth of this nation, and the rising youth of this nation is going to go out for a new social order instead of staying by the old one. The youth of this country wants something better than platitudes and promises to live on in the future. That is our policy. We are not inherently committed to violating the law any more than the Steel Company of Canada when, with the tacit co-operation of your government, it laid an air strip in the Steel Company's property, and the Wartime Prices and Trade Board gave permits for a hotel to the Steel Company to run a scab stockade. If there is going to be discussion of these things, let us bring out all the factors. When the government of Canada itself obeys the law, we will follow the government of Canada.

Mr. MacINNIS: Mr. Chairman, I should like to ask a question—

The CHAIRMAN: Just a minute, Mr. MacInnis. Mr. Lockhart has the floor.

By Mr. Lockhart:

Q. I want to ask one or two very simple questions of Mr. Conroy. I do not want repetition and I will try to avoid it if possible. But in reading over your 30 page brief last night—and I read it over with considerable interest and

with a good deal of it I am in agreement; that is, your arguments are well advanced—I noted that on page 2, about the middle of the page, you make this very definite statement:—

When our wage committee says that the present unrest is inevitable, we have in mind that this inevitability arises principally from two factors: One is the comparative youth of large-scale industrial enterprises in this country and of trade unions in many industries; the other is that to our way of thinking, the government has shown a lack of foresight in meeting this situation.

I wonder if in just a few sentences you could summarize the last half of that statement, in your mind picking out from the 30 pages the highlights which caused you to make the statement that there had been lack of foresight in meeting this situation? I would ask you, if you could, to just summarize that.—

A. I will do my very best to be short and precise, as you ask. We have in Canada on the one hand a young country, a young nation and an expanding economy under free enterprise, with a young group of free enterprisers who by given yardsticks of social conscience can hardly see any conceivable limit to their own activity. On the other hand, we have young unions, mostly in mass industries where for many years there were no unions at all. As a substitute for a union there were many grades and variations of paternalism, such as that Mr. Case mentioned the other day in relationship of the Steel Company of Canada, with the overall definite fact that no union should be in there; the employer was God Almighty himself and had the unreserved right to determine the lives of his employees. This being a democratic country, that could not continue for ever. The lid blew off. The unions went into those mass industries, with their mass problems, their mass tensions, their mass complexes; and when the lid blew off after repression and suppression for many years, in a goodly number of cases the reaction went to the other extreme. I think the government—and I am not here to make a goat out of the Liberal government or the Conservative government; I am looking upon government as the instrument for the public interest—should have been watching these developments and said to itself, “There is trouble ahead. Now is the time to devise some ways and means if the country is going to be assured of a minimum peace. We should devise some mechanism or mechanisms to take care of this rising and developing situation.” In that sense I believe the government, without making it a scapegoat, showed a lack of foresight in these circumstances. I hope that is an answer to your question.

Mr. LOCKHART: Yes.

By Mr. Smith:

Q. I have just a question or two about your theory of profits and wages. As I understand you, you think there should be somebody who will make an examination into wages and profits and that labour should be assured of an increasing interest in the profit dollar, if those profit dollars increase. Do I get you correctly?—A. Yes.

Q. Now I want you to take this situation. We will say that over here is one plant and over here is another plant making the same thing. By “over here” I mean in different parts of the country. Both of those plants are paying a decent living wage. The plant on the left-hand side makes more profit than does the one on the right-hand side. Both are efficiently managed, but through circumstances over which it has no control, this one does not increase its profit. Do you contend that here, where they have made a profit, wages should rise, and that over here on the other hand, they should stay level? Let me give you my whole question so you can answer it all at once. If you do, and I think you must from what I have heard you say, how then do you make that jibe with your

overall picture of equal pay for the same job?—A. I will try to answer you to the best of my ability, sir. You and I, I think, might have a different concept of the needs of the situation.

Q. I did not hear you.—A. I say it is quite possible that you and I might have a different view of the needs of this situation. I am inclined to look at the situation not merely on the basis of an individual industry. I am inclined to look upon the situation in the light of the whole national economy wherein the individual industry it is true plays a very integral and important part. But I would say that in so far as the needs of the nation are concerned, the function of industry should be dedicated to producing the maximum of the people's requirements. To that end—since production serves in no sense, no matter what the political theory may be, unless there is an end to the production and unless the end to production is consumption—I would say to maintain full employment, continuous production and consumption, we must have mechanism in each industry and overall mechanism on top of it to ensure that breakdowns may be avoided, for equating the consuming power of those who have it and need it with the money that is produced in the sum total of all our individual industries. I have no personal desire or animus in the matter of the individual profiteer. I am saying that without my tongue in my cheek. Frankly, as a man who can get along with relatively little—

Q. What is that?—A. As a man who can get along with relatively little, I am inclined to be sympathetic and pity the man who needs a million dollars. I have no animus about him trying to collect that. But I say notwithstanding that, even his desire, good, bad or indifferent as it may be, must occupy a subjective position in the light of human welfare itself. Secondly, when we propose industrial councils, it is with that overall desire in mind, that, on a basis of individual industries and collectively the industry of the whole nation, the effect will be that in a proper relation of profits, wages and prices, we will try to establish both an individual and overall balance to consumption and production. Does that answer your question?

Q. Yes, but you will probably admit that you cannot equate your two basic propositions. You cannot, it seems to me—speaking very respectfully—make jibe one industry over here making some more money and increasing wages to give them their share of the profit dollar with the one over here not doing so. You cannot equate those, it seems to me, with your other proposition of having a basic wage across the country in that industry or in all industries, because one invariably will make more money than another. How can you bring those two together is a question; and I do not think you have answered me yet, if I may be so bold as to say so.—A. You are making a proposition and trying to put an answer in my mouth, but I respectfully cannot accede to your request. I would say that your first proposition would be the welfare of the nation. That is a basic premise. To the social welfare of the people there must be a national undertaking to try to correlate them. I am not propounding a perfect scheme. I am propounding what I think would be a solution for the difficulty. There is not such a thing as Utopia. I am told by learned Greek scholars that Utopia means nothing. What I am offering is a specific fact which will not be perfect and there cannot be perfect things. A perfect civilization has not been developed and the perfect industry has not been developed. We do say that that is a better plan. It is much better to make a noble effort, even on the basis of trial and error, to arrive at a maximum percentage of peace, than continue with the so-called liberalism—laissez-faire—to neglect the problem entirely and instead of producing the maximum peace, producing the maximum enmity.

Q. I will go with you on that. I am one of those people who will do things in a progressive manner. I do not think you have answered my question, however. I will put it in a simpler form. Supposing in these plants one has a wage of \$1 an hour and that wage is in proportion to the profits, and

another has a wage of \$1.50 an hour and another less than \$1, then you are going to have labour unrest there?—A. I think there are even wars in Heaven. You remember the story of how Lucifer was kicked out of there? I do not suppose that we are going to have permanent peace even in our own homes.

Q. Is that not the inevitable effect of the illustration I gave?—A. I say this, that taking your two specific types of industry, the industry that pays \$1.50 an hour and the industry that pays \$1 an hour, and providing your consumers and producers have got to have the equivalent to buy back what they produce provided by the other industry, if the industry paying \$1 an hour with less efficient management, or even with efficient management, cannot produce any more, I cannot see for the life of me that any industry of this nation properly related to the national economy cannot pay at least a decent living wage commensurate with the national standard of living. You are not going to have a complete levelling in the different skills. The theory that a man experienced as a manager or superintendent should not be entitled to more than a day labourer is silly. You must balance the economy if you are going to have continuous consumption and continuous production. I see no value in the cases you set up where an industry is producing to complete production where \$1 an hour is all the wages it can pay. You are pretty well coming to an answer to your problem. There is no complete answer that is reached by a human being. If it is reached in our time, I will be a most amazed man.

Q. Do you think you have answered my question?—A. Yes, to my own satisfaction.

By Mr. MacInnis:

Q. I was going to ask Mr. Conroy a question about the war labour board, but I will not take up the time of the committee. I was going to ask about the award made in the case of the Maintenance of Way employees?—A. I only go by the newspaper talk, and there may be some government releases in the office because the labour department forwards periodic releases. I am given to understand that they were awarded 2 cents an hour increase.

Q. Do you remember how much they asked for?—A. I cannot recollect that. It was quite substantial.

Q. They only got 2 cents an hour increase?—A. Subject to my being corrected on it and taking it from the newspapers.

Hon. Mr. MITCHELL: I should say this, Mr. Chairman. I know it is easier now than it was then to say things about the National War Labour Board being high handed; pretty safe politics too. My honourable friend refers to the negotiations going on at the present time with respect to railway labour matters, more particularly with respect to the submissions to the War Labour Board. I say at the moment the railways organizations are negotiating with the railway companies with respect to a submission to the National War Labour Board.

Mr. MACINNIS: Isn't that the Railway Brotherhoods?

Hon. Mr. MITCHELL: No, it is both.

Mr. MACINNIS: Are the Maintenance of Way employees included in the submission, or is it being made by the big four?

Hon. Mr. MITCHELL: I say to my honourable friend—and I am speaking now from memory—

Mr. MACINNIS: I am too.

Hon. Mr. MITCHELL: We are both probably working around in the dark.

Mr. JOHNSTON: Hear, hear.

Hon. Mr. MITCHELL: You do not need to say, "hear, hear"; my honourable friend (Mr. MacInnis) and I know more of these things than you do.

Mr. JOHNSTON: You are not making a very good job of it though.

Hon. Mr. MITCHELL: That is a matter of opinion.

Mr. JOHNSTON: That is why we are here.

Hon. Mr. MITCHELL: That is a matter of opinion. I want to say this, my honourable friend, if this is going on the record, that I am not one of those people who can be smart after a thing is done. That is the easiest thing in the world to be. But I do say this, that these institutions of price control and wage stabilization have made a definite contribution to the protection of the living standards of the people of this country; and let history say what it will about my administration or any other administration, or Mr. Gordon's administration. It is far easier to be smart when you have not got administrative responsibility.

Mr. SMITH: We all admit that. Don't get annoyed.

Hon. Mr. MITCHELL: I am not getting annoyed. That is just my way of expressing myself. You know all the railway organizations; there is the back shop, the tradesmen, then you have the four running trades; they will work more or less as a unit in negotiating with the railway companies, and at the moment, if I might say this—I think I can go that far and be fair to both sides—that they are at the moment in the process of negotiating.

Mr. MACINNIS: In that regard how then do the Maintenance of Way employees happen to make their statement without some of the others?

Hon. Mr. MITCHELL: I will tell you what happened, what does happen, that one organization comes in and another organization comes in; and I think all the organizations have submissions before the National War Labour Board with the exception of the engineers, if I remember. And I want to say this very frankly—Mr. Conroy knows this as well as I do, I had a private discussion with him—I look forward to the day when we get back to free collective bargaining.

Mr. MACINNIS: I do not think you will ever get back to that.

Hon. Mr. MITCHELL: That is a matter of opinion. I hope we do.

Mr. MACINNIS: I am not arguing with you, I am just expressing an opinion.

Hon. Mr. MITCHELL: That can only come about in my judgment—might I say, that happy state of affairs, free collective bargaining—by following the course on which we have already embarked. I think that can only be achieved by moving in a voluntary way as we have done in what we thought best. It is a matter of judgment, removing the controls as gracefully—I don't mean gracefully in a political sense but in a common sense way—as we can, freeing labour from the controls which existed during the war.

Mr. MACINNIS: Don't make any distinction between political sense and common sense.

Hon. Mr. MITCHELL: I might add, for some political parties.

Mr. MACINNIS: You have had experience in that way.

Hon. Mr. MITCHELL: That is what we have endeavoured to do. And now, I hope before this committee is through that I will have my day in court; but that is a long way from the question you asked me. I can say this to you, they are at the moment in the process of negotiation.

Mr. SMITH: And might I ask a question about these same negotiations?

Hon. Mr. MITCHELL: Yes.

Mr. SMITH: Is the matter of the running trades particularly concerned?

Hon. Mr. MITCHELL: Yes.

Mr. SMITH: I understand that they made their submission to the railway companies a matter of months ago and they have not yet received a reply; that is the way the matter stood a month ago. Was there not a very long delay?

Hon. Mr. MITCHELL: I can explain that too, if I may. With these older established organizations it always takes longer, because they study one another's briefs. It was said to me by one of the chiefs of personell of the Canadian National, for instance, that it would take him some months to study the brief of conditions that had been submitted to him by one organization. And I said this to both sides very frankly; I said, now I have had some experience in labour negotiations as chairman of a commission, and I think possibly I could do as good a job as the average fellow if I were the chairman of the commission on your dispute; but I am convinced of this that by the time I am through neither of you would be satisfied because you have got to have someone there who understands the complexities and the intricacies of negotiations in that industry, the only people who really understand it is yourselves, the railway employees and the railway companies; and my suggestion to you is this, that you get back to the old method of doing business at least in a preliminary way and talk it over between yourselves across the table in an effort to arrive at an agreement. That is what they are doing. I think that is common sense. And now, my good friend Mr. Conroy has raised the question of the industrial councils. I was largely instrumental in setting one up in the building trades shortly after the last war when we had so much difficulty in that industry; but there both sides agreed to it, both the employer and the employees, and since the outbreak of the war we have had a minimum of difficulty in that industry. Now, I want to say this—and I think Mr. Conroy will agree with me—that confidence is a tree of slow growth. I mean some of the evidence given before this committee by both sides does not lend itself to what I consider rational collective bargaining. It is pretty difficult and I am casting no aspersions on either side.

Mr. SMITH: On both sides?

Hon. Mr. MITCHELL: On either side, whichever way you want to take it. I think mine is the more diplomatic way of putting it, to bring that into being on the basis of compulsion. I do not think that many of the labour organizations want people in compulsory arbitration but there is nothing I would like to see better than these organizations, that they speak of, sitting down to a table and ironing out the difficulties. That is why we are here this morning, because they have been unable to do that. I do not know whether I should say this or not, but anything works on paper, even Christianity. But after you are through with the paper, you must deal with the human beings in the plan you put forward. That is the brief explanation of what my honourable friend asks me, but I will have my day in court.

Mr. SMITH: I hope you appreciate the fact that I asked you the question about the railways without previous consultation.

Hon. Mr. MITCHELL: That is right.

By Mr. Blackmore:

Q. May I ask Mr. Conroy one or two questions. On page 15 of his excellent brief, at the bottom of the first paragraph under "Profits of Canadian Industry", he used the sentence:—

Industry is not by any means so poverty-stricken that it cannot afford wage increases unless it gets further price increases.

I take it that much of the significance of that sentence depends on the meaning attached to the words: "cannot afford". I wonder if Mr. Conroy has given that matter sufficient detailed consideration so as to give the committee an idea of what he means by: "cannot afford"; and if he chooses, he might

use the three great steel plants which are at the present time involved in this discussion. What Dosco can afford, what Algoma can afford, and what Stelco can afford may be three completely different matters; if Mr. Conroy desires to comment.—A. I would say, sir, as a general proposition, there are two bases upon which you can conceive what the individual or a collective industry can afford. John Jones, an employer, the head of a large corporation, or, for that matter, a series of John Joneses might well say: we cannot afford a given rate of increase because what? Because it is going to interfere with our profits.

Q. May I ask a supplementary question, before you proceed, Mr. Conroy? —A. Yes.

Q. Perhaps the matter that is involved is: what rate of profit ought to be allowed? Granted that the unions now are sitting down with these companies right here, and the questions were raised now: how much profit are you prepared to grant to Stelco before you are unhappy about it, and so with each of the other two? That would be a sort of leading question, perhaps.—A. I do not know that it is so much a question of what we say a company should be allowed to expend on what might be called a reasonable profit. Whether it be 5 per cent or 10 per cent to me would be relatively unimportant. I view profits in this light—as I said before in reply to Mr. Smith—I have no personal animus against a man who wants to collect a lot of money. But in the light of national necessity and in the light of general economy what I would say, regardless of what I might put as the figure which might be called a reasonable profit, even a generous one, perhaps, even a minor one, getting down to 3 or 4 per cent, would not be an answer to our problem if, on the one hand too much profit in the hands of enterprise was the means of taking consuming purchasing power out of the hands of the people to maintain production and consumption or, on the other hand, 2 or 3 per cent net profit to an employer was equally throwing the process out of balance.

Q. What we are trying to arrive at is something we can get our teeth into now. May I use a little illustration with which you may, perhaps, work. I approached a very successful business man who lives in the city—or who is in the city—the other day, with this question: What rate of profit would you consider that Stelco, for example, ought to have in order to be perfectly fair?—And this man said: Well, as far as my own money is concerned, I would not invest a cent in a business if it did not make 7 per cent. He proceeded to tell me the reasons why. He said, “If they cut the profit below 7 per cent then I am not interested and my money will go into first mortgages on loans and several other kinds of investment.” We might just fix our minds on that 7 per cent for a few moments. What the committee really wants to do is to get some standard by which to judge. If 7 per cent is right for Stelco then perhaps it is right for Algoma and perhaps it is right for Dosco. As soon as the committee begins to think along that line then immediately the question Mr. Smith raised becomes a very vital question, because the question arises, “What are we going to do about it?” Would Mr. Conroy comment having that 7 per cent idea in his mind and dealing with Stelco first?—A. It might be hard to get inside the mind of the man with whom you were talking because I am sure he had some reservations about that even when he was frank enough to say 7 per cent. I have talked to quite a number of gentlemen of the same type in my career, and we have argued back and forth on the merits of the amount of profit, and so forth and so on. A man might come out with a somewhat similar statement, 6 per cent, 7 per cent, 10 per cent, as the case may be, but he always has in mind a very substantial amount of depreciation on top of that to liquidate his original investment.

Q. The possibility of loss?—A. To get back his original investment if possible, so much to cover loss, and reserves on top of that, so that when you figure it out in an economic sense in trying to balance production and consumption your 7 per cent, when you add those several other factors, might well become closer to 20 per cent instead of 7. I would say as a guess I do not think you can set down a specific figure unless you are shortminded enough to believe that the individual industry can and must go on on an unplanned basis, as a thing apart from the national economy in its own sweet way, and trying to gouge as much out of the individual industry as the individual enterpriser can do. I am sorry I cannot help you on that, but frankly I cannot give you an answer as to what the specific profit figure should be in a given industry. My mind is thinking in terms of balancing and equating production and consumption. Unless that is served the amount of profit that an individual enterpriser may make to me is of secondary importance. A man may make a volume of profit and a volume of goods. The volume may reduce. He may try to secure the same volume from the reduced production, and on his over-all investment the percentage would be higher than it would be on a larger volume. I think as a final solution there has got to be a broader social concept applied to this that while we are willing to allow enterprise a reasonable return on its investment I do not know at the moment—perhaps there are people in the country who do know—any person in the country who can rationalize from the standpoint of the national economy what the proper profit relation should be.

By Mr. Johnston:

Q. It would vary with each industry, would it not?—A. It is quite possible.

By Mr. Blackmore:

Q. I would like to thank Mr. Conroy for his effort, but as I listened to Mr. Millard's excellent brief my mind concentrated on reasonable profit. I think that is the matter which is in the minds of the men who are trying to settle this problem to-day, and until labour and industry get together on that it is going to be pretty nearly impossible to agree. That is why I raised the question. I thank Mr. Conroy for his attempt to answer. I want to ask a question or two now about subsidies. Do you remember that the question was raised yesterday about subsidies? Mr. Homuth made a remark, if I recall it, to the effect that if industry had to be subsidized it ought not to be. I do not want to ask an embarrassing question. I just want to get your comment. If a given industry is protected by a tariff so that on every article it sells it makes more money than it would be able to make if it were not protected by a tariff would I be unreasonable if I assume that industry is being subsidized?—A. You know the word "free enterprise" is somewhat of a contradiction in terms when you consider by the long time process of tariffs actually our social system has been standing on its head instead of its own feet. You may call them tariffs or call them what you like but it is undoubtedly a form of subsidy. I do not think you can escape that fact. That would be my impression.

Q. I think it is a good thing for all our Conservative friends to learn that by rote. I think that is a very important answer you have given and I think it is precisely correct. Several times I have suggested throughout this discussion that it might be necessary to subsidize the industry that Mr. Smith had on his right hand, the one that could pay only \$1, so that it would be able to pay \$1.50 as was the industry able to pay on the left-hand side. Immediately there has been a pretty violent reaction, subdued of course, on the part of a number of members; and it has been thrown out that by subsidizing the government would have to tax the people all over the economy for the money with which

to subsidize. May I suggest, and see if you agree with me, that when an industry is protected by a tariff and thereby enabled to sell its products at a higher price than it would otherwise be able to sell its products, it is collecting from the people of Canada the money with which to pay the subsidy, but that there is no careful discrimination towards being just as to who is going to pay that money. If the article, we will say, is stockings, the wife of one of the poorest men in the country will have to pay her contribution to the subsidy on an equal basis with that on which the contribution is paid by the wife of the richest man in the country. So that consequently a protection by tariff grants an industry a subsidy just as real as any subsidy could be and collects the money for that subsidy in a most unjust way all over the economy. Would I be correct in that?—A. I do not know that I am going to fight very much with you over that point. We have, of course, the historic role of free enterprise which has always railed against what is considered to be government interference in its business. Generally, their objection is raised when the man who is at the lathe or at the end of the pick, as the case may be, asks for some government interference to protect him. But on the other hand, as a general proposition,—although undoubtedly there are exceptions to this,—when your industrialist wants something to protect his own position—to, if you wish, subsidize his profits—he is the first man to run to the government; and I suppose in the last several generations in this country as well as in others, has established a pretty well-worn path between the Chateau Laurier and the government of Canada, asking for government interference to protect his profits.

Q. One more question. I wish to ask Mr. Conroy regarding an expression he used in answering a question by Mr. Smith. As I recall it, he said “We must have a balanced economy.” I wonder if he would care to elaborate to some extent on the concept he had in mind when he used the words “balanced economy”?

The CHAIRMAN: Order, gentlemen. It is now 1 o'clock, and we will give Mr. Conroy time to think over the answer he is going to give to that last question. Before adjourning, Mr. Lieff has something to put on record.

Mr. LIEFF: You have had placed before you this morning a submission by the Algoma Steel Corporation which I would formally put on the record.

(See Appendix A)

The committee adjourned at 1 p.m. to meet again at 3.30 p.m.

The committee resumed at 3.30 o'clock p.m.

The CHAIRMAN: Will the committee come to order, please?

Mr. BLACKMORE: Mr. Chairman, Mr. Conroy was going to deal with the matter of balanced economy.

Mr. CROLL: I am afraid he is going to do a little thinking on that.

By Mr. Skey:

Q. I read with interest the conclusion and recommendations that Mr. Conroy had presented in his report, and I believe I would say that they are all of real value to the work of this committee, but in going through that I see that you have recommended the establishment of a uniform national labour code, the establishment of industrial councils for each industry and substantial expansion of present research facilities and statistical information. If I said to you that I considered these were rather long range aims, would you agree with that statement; that they would be accomplished over a period but not right now? I would like to ask the question if the witness could suggest, possibly in chrono-

logical order, the steps which he considers should be immediately taken towards the settlement of the industrial strikes which are now crippling our industries. —A. I can assure you, sir, that I am just as anxious as anyone else to dispose of the present disputes. I suppose the most fiery partisan on each side tires of the flames. I would say that you could settle every strike in this country to-morrow if you did two things, perhaps three. Up until now, regardless of good intentions or otherwise, the government has stuck its neck out, and if it has not jockeyed itself into the position of fighting the battle of the employer, the public must be disabused of that position. So far as I can recollect, particularly from members of the cabinet on this committee, there has not been even the remotest pretence to impartially approach this question or towards the solution of it. Whatever industry says the government echoes this principle. That is No 1. No. 2 is that hanging over everyone's head in this country is the threat of Donald Gordon's resignation. The choices are very clear and very specific. If, Donald Gordon echoing the government's policy or the government echoing Mr. Gordon's policy—I do not know which—and supporting the employers, that unless his last whim is catered to and he stays on the job, then the country is facing a national disaster. I thought that, as a mere human being, the great man theory had died a year ago in the rubble of Berlin, but seemingly it has not. So the great man theory has got to be disposed of as well. I do not think that Mr. Gordon has injected that theory himself; it has been foisted upon him. Thirdly, to make room for the final conclusion of at least a temporary settlement, the government has got to draw its neck in. The theory of infallibility in Mr. Gordon has got to be reduced to common sense. Give us 15 cents and we will send all the workers back to work.

By Mr. Croll:

Q. Let us deal, for a moment, with a country where there are not any strikes. Dealing with your No. 2 item, that of an industrial council, I want to clarify that. I want to know whether you possibly relate them to working parties in Great Britain. Do you know about that?—A. Yes.

Q. Tell me if you had that in mind, or similar institutions when you spoke of an industrial council?—A. We had something in mind on the same principle as the working parties in Great Britain.

Q. As I understand it, we have had a labour position in Great Britain that the working parties deal within an industry with the prices, profits and productivity and they have had comparative peace since the war?—A. Yes, I believe it all lays on the one fundamental principle that there is a disposition not only on the part of the employer but on the government as a guiding factor for employees and unions. The government conceives this is a matter of utmost importance to the whole economy, and I am not referring to a socialistic government. They conceive this to be of such importance to the whole nation that they assume that both parties receiving guidance from the government, representing the public itself is better than they can hope to bring about to us in industry.

Q. Do you know how these working parties are composed?—A. Up until now the working parties in cotton and the other industry, which I think is steel, is not tripartite. They are only representatives of employers and unions on them at the moment, although the government has, I think, selected what might be called independent figures to sit on both sides.

Q. The only difference that you suggest in the industrial position in this country that someone, whoever is in charge, appoint one of the large consuming public?—A. Yes.

Q. You point to Great Britain as a place where it is working?—A. Yes.

Q. Yesterday you spoke about a labour code, and you talked about constitutional difficulties?—A. Yes.

Q. You do appreciate that there are spheres of influence entirely out of the scope of the dominion government?—A. Yes.

Q. Where would it apply?—A. In coal mining and in transportation and in shipbuilding.

Q. You realize there are constitutional difficulties?—A. Yes.

Q. What do you think of the suggestion that the government lay down a uniform labour code as applicable to those industries that are within that scope?—A. I would think that was a beginning in the right direction.

Q. And then leave it to the provinces to either copy it or come under it?—A. We have suggested enabling legislation.

By Mr. Lieff:

Q. On page 28 of your brief which reads as follows:—

“Fourthly, relations within individual works need to be overhauled”. May I call your attention to Mr. Millard’s program, the third item on page 20 where the workers have union-management production committees. Have you any comment to make on that?—A. Yes, we believe that production committees are one of the most important functions between companies and unions. After all, we presume that the functions of both parties is to get as much production out as possible.

Q. I was just wondering whether you would care to tell the committee something about those committees and how they have worked out?—A. The history of production committees is a long one and there is a little controversy revolving around it as to who should take credit for where it started first. We have here in Canada something along those lines in the Canadian National Railway. They were borrowed from the United States, but particularly during the war period they were stimulated very much in Great Britain where they realized that unless both parties in industry did a job in production, particularly in war production, that the country would not survive. That was followed to some extent in the United States. Canada made some progress during the war. In spite of all the blame that has been attached to ourselves for doing certain things I think we can say this with some pleasure and credit that our congress has done more agitating within our organization in this country to set up joint management production committees. It took us about a couple of years agitating before we received a sympathetic audience. There was a production board set up represented by Harry Carmichael, Gordon Golden and M. M. Maclean, the three of them extraordinarily busy men. They could not find enough hours in the day to do the work. We believe there should be employer representatives on that as well as our own. We started out with a very modest budget and as a result of constant blocking, we have been successful in getting the budget raised to something you would call more than a modest figure. At the same time there have been roughly 350 committees set up throughout the country. They were appointed during the war. Whether it is humanly possible to establish through production committees efficiency in the industry depends on the relationship between management and labour. We were able however to increase production on the one hand at 10 per cent, or on the other hand to save 10 per cent in the cost of production; and the country and the armed forces would benefit in either case. Inasmuch as our wartime production was between three and four million dollars a saving of 10 per cent, while seemingly a small figure, is in itself not inconsiderable. In the first place, it closely approximated total peacetime production for the whole of the Dominion of Canada, and in the second place it was no mean consideration. However, because of a variety of things; not so much enthusiasm on the part of the government, the hesitation on the part of

many large employers; hesitation frankly on the part of the members of unions because they were mutually suspicious on both sides, we were unable to establish a large scale program of joint labour-management production such as we would like to have done. We still advocate that if it was good for war it would be good for peace. A number of the men out in the field tried to establish these joint committees, some of them functioning very actively, some of them in a half-hearted sort of way, and some just existing in name only; but I would say that at the best they have justified their existence, they have helped management and they have helped labour. In the odd case there have been some fantastic claims for them in the nature of very substantially increasing production and lowering costs, and improving the relationship between both management and the unions. I would say that any plan that brings in employer, government and labour will not be of great value to this nation unless there is joint action on the production question. It is the aim of labour, and I believe should be the aim of all citizens, to produce commodities to the maximum degree as required by our population, and by doing that to reduce our costs, at fair wages, and at the same time give the consumer a square deal. I would say any program in the future would have a missing link if it did not include the functioning of production committees.

Mr. ARCHIBALD: Mr. Chairman, there is a point I should like to raise at this time. This committee has two weeks more to go probably before we close up until another year. In the meantime, apparently conciliation machinery has broken down entirely and we have these strikes and this unrest going on. It is highly problematical that we will be able to do anything effective in the little time remaining to us, in the matter of a couple of weeks. If this committee was to sit after the close of the House it might be of some help, that is the only way in which it could be of any assistance to labour. But I am just wondering, what is going to happen if things go on as they are until the House sits again?

The CHAIRMAN: Order, please. I may point out to my honourable friend that our committee will die with the prorogation of the House, that is according to the rules of the House.

Mr. JOHNSTON: It could be carried on with the permission of the House.

The CHAIRMAN: I do not think so, unless the House decides to set up a Royal Commission.

Mr. JOHNSTON: Yes, they could do that.

By Mr. Gibson:

Q. Mr. Conroy, I wonder if you could tell me if this wage co-ordinating committee of yours includes the IWA in British Columbia, the steel workers and also the United Mine and Smelting workers out there?—A. Yes, they have all been and are members of the committee.

Q. They are all members of the committee?—A. Yes.

Q. I heard you say yesterday that you felt that if the ten cents figure had been offered to you in January that you could have gone out and you felt you could have recommended to the members of their obscure unions that they accept it. I wonder if that is true?—A. Yes.

Q. Last January was it not true that you helped lay down a policy—I imagine that the wage co-ordinating committee is the main policy committee that goes right across the country—was it not true that last January the wage demands of the workers were twenty-five cents an hour?—A. I think that is true.

Q. And the mine workers were asking twenty-nine cents an hour?—A. Something like that.

Q. And you feel that you could have gone to them and suggested that they take ten cents an hour, that they would have been willing to proceed?—A. No. What we said to the government at that time was this, we said that ten cents is purely a transitional program to allow us to get over this tough part that we are going through. There will be an opportunity to increase productivity, to get business going again, and then the unions can consider with the employers the ultimate wage program.

Q. So that you knew last spring when you made that offer that the real object in one industry was twenty-five cents an hour?—A. That was their ultimate wage program.

Q. Do you mean to say that they asked more than they expected to get?—A. I suppose, as Mr. Smith pointed out one day, there is always a lot of horse trading in these things. It goes on on both sides. Your employer starts off usually with a cold refusal to consider any wage increase—he can't afford it, he won't stand it, and all that sort of thing. At the second meeting he usually is insulted that the union considered his cold refusal not having any relation to truth. The third meeting usually eases up a little—well, after a careful search of his own mind, he will consider $4\frac{3}{4}$ cents an hour increase. After about a dozen meetings it gets before the public and he recognizes things are getting on the danger side and he may come out with what he considers fair terms.

Q. There must have been some co-ordinating all across Canada on what your unions intended to do to enforce demands. I mean, there has been a certain pattern across Canada. You went last January and you got authority to call a strike if your demands were not met.—A. The authority to call a strike lies with each individual organization. The Congress has no authority in the slightest degree in that sense.

Q. I mean to say, there was one overall plan.—A. There was no overall plan but this, the Congress said they would support their individual affiliated unions, said that publicly, in the hope that this wage settlement would be arrived at. They mentioned the 40-hour week which we conceived as a Congress was desirable, and there was also the matter of the take-home pay being sufficient to maintain what we call a decent living standard. As to overall co-ordination, we might reduce it to what has been called by the word conspiracy. Had the Congress so desired, to develop a conspiracy movement, it might well have advised its Unions that when the IWA was on strike in British Columbia that that would have been the time to call the unions out on strike.

Q. You think that would have been good strategy?—A. I am not saying what it would have been, but it would seem to point to a conspiracy, because the settling of a strike is usually a much more complicated thing than the calling of one. The IWA went on strike. I think the next strike was not in our Congress at all but rather an affiliate of the British and Labour Congress of Canada, the seamen's strike. And despite the nonsense attributed to the Trades and Labour Congress by Mr. Mitchell and Mr. Howe we find the good name of that Congress has been smirched by that strike.

Hon. Mr. MITCHELL: I do not think that is nonsense. I think it is good common horse sense. It takes more courage to get fellows off a strike than it does to call them out. Anybody can call men out on a strike.

The WITNESS: It takes more courage to come out and face facts instead of running away from them as you have been running for many years.

Hon. Mr. MITCHELL: That is a matter of opinion, too.

The WITNESS: Yes, and it has been certified publicly long ago. And now then, had there been any thought of conspiracy attached to this, there would seemingly have been some co-ordination in all the strikes. The fact is there was none. The IWA went on strike—I can't remember the date of settlement—

Mr. GIBSON: June 27.

The WITNESS: Something like that. The seamen's strike was for a totally different purpose altogether. They were working an ancient and antediluvian twelve-hour day and all the rest of it. The steel strike only showed when they had been dickering backwards and forwards for a period of at least three or four months trying to get a settlement with the employer. The other unions have been negotiating with their employers. Had we been able to receive what would have seemed to be a fair figure, there would not have been a single strike. I think what aggravated the whole problem was the government came out frankly and intentionally or unintentionally, supported the employers in adopting the 10 cent formula as the overriding position across the whole of industry. Up until now, with due respect to Mr. Gordon, there has not been one single fact produced before this committee to substantiate either the position of the government or that taken by Mr. Gordon or Mr. Abbott.

By Mr. Gibson:

Q. Is it not true production has fallen? Take the statistics of the B.C. logging industry where they have received a settlement of approximately 67 per cent. They have been producing logs and the cost per thousand has risen 107 per cent. That really means something must have happened there in relation to production—efficiency, or costs, something—I wonder if that is general? I see Algoma in their latest statement to-day that since 1939 their payroll has increased by 138 per cent, while the increase in production over the same period has only been 99 per cent. Have you anything you could suggest that would rectify a situation of that kind? Such a situation should not develop at such a period as this when there is greater need than ever for capacity production. Have you anything to suggest?—A. I have no figures or facts relating to the logging industry.

Q. I mean anything that can be helpful. I do not mean that as a question to confuse you.—A. I see no objection at all, if production is lagging off, to have the unions and the employers get together. I think the I.W.A. have a production program and would be willing to sit down and try to get production increased on any basis that might be workable.

Q. Don't you think it is the result of full employment during the war years when men were not very keen on hanging on to their jobs, during the war period, because they could always say: there is an alternative around the corner, and the fact that probably the government was paying the cost of the whole shot? —A. It may be a combination of these things.

Q. Are we not carrying that on into this period of reconversion?—A. I can say this: I have taken a number of trips across the country during the war period; there seemed to be one governing factor in the minds of the majority of the workers despite the tragedies of the war. They seemed to be suffering from a continuous fear: how long is this relative prosperity going to last? How long is the show going to last? After it is over, what then? Going back to 1929-1939, what? Nobody seemed to be able to provide an answer. I think, up until comparatively recent time, fear of insecurity was largely the thing that was governing most workers' minds.

Q. Possibly that is true.—A. Yes.

Q. I wonder though; you come to one employer and you ask him for the Rand formula, for instance; I wonder if that might not be tempered by the fact, in the back of his mind—I do not want to get into a political question—

I wonder if his reaction to your proposal that he give the union more security might be influenced by the fact, by the thought that your congress was supporting a socialistic party which naturally means government ownership, and in some cases it might even mean Communism.—A. It might mean Communism or socialism; but the governing fact is that it means capitalism because that is what we are operating under. I would say, as to the cross-section of employers who object to the check-off or any form of security, that is an extreme case; the employer who is willing to go over with a voluntary check-off is usually wary of the Rand formula, a union shop and a closed shop. He generally takes his stand not because of any political interference of any kind, but on the basis of the alleged individual rights, and that the Rand formula and the union shop are both in essence forcing men to do something against their grain that they should not be compelled to do by any law. The political aspects may have been injected here and there, but I would say, by and large, that the stand of the employer is on the basis of individual rights.

By Mr. MacInnis:

Q. Mr. Chairman, I want to ask Mr. Conroy a few questions. I was going to ask him with respect to the recommendations that he made, but Mr. Gibson has anticipated me. But I would like to ask Mr. Conroy a question or two. You remember the inquiry that was carried out by the war labour board, I think it was in 1942 or about 1943; do you remember the statement made in the majority report of that board that was signed by Justice McTague and I do not remember the other member; oh yes, it was Bench, I think it was Bench. You remember the reference there to employers, that it was unfortunate—I have not got the correct words, but Mr. Gibson can look up the report for himself; I suggest that he do so because there are lots of good things in it—that it was unfortunate that in Canada the employers had, in the main, always opposed organized labour. That was the finding. Do you remember that?—A. I cannot quite recollect the words; there was some reference to it, but I cannot recollect the words.

Q. I put it in *Hansard* in the House at one time because I thought it was a good statement to have in the record. Your first recommendation is the establishment of a national labour code. Now, after that is established, you would then set up industrial councils either in industry or in groups of industry. You have it here for each industry. The members of each council would represent employers, labour, and the public. I think Mr. Croll asked you some question about production, about working parties, in Great Britain. Are you acquainted with the set-up of those working parties?—A. I am only acquainted with them in a general sort of way because I have not received many reports about them. As I understood it, the working parties in Great Britain, because of the ancient methods being employed, particularly in the cotton industry, the working parties had a preliminary function to perform before they got down to their future job, to find out what was wrong with the industry, why it had lost exports, why its wages were low, and a multiplicity of questions along those lines. The preliminary report, I think, has been submitted to the House of Commons, but I have not as yet been able to find a copy of it.

Q. I have copies of the two reports that have been made to date; one report was made on the cotton industry and the other report was made on the pottery industry. I think in your answer to one of Mr. Croll's questions you said that they were not tripartite councils.—A. That was my impression.

Q. As a matter of fact, they are tripartite councils; they were set up under the Board of Trade. I do not know what that would approximate in our cabinet.

Mr. CROLL: Trade and Commerce.

By Mr. MacInnis:

Q. Trade and Commerce. I remember a statement Sir Stafford Cripps made in setting them up; and they were made tripartite councils in order to prevent industry and labour getting together and ganging up on the public, to use an every-day phrase. From the report of the working parties in the potteries, may I just quote their terms of reference, because I think it would be of interest.

To examine and enquire into the various schemes and suggestions put forward for improvement of organizations, production and distribution methods and processes in the (pottery) industry, and to report as to the steps which should be taken in the national interest to strengthen the industry and render it more stable and more capable of meeting competition in the home and foreign markets.

As I understand it, the working parties were not to concern themselves specifically in matters of wages and working conditions, as the representatives of the workers usually take those matters up with the employers. There was a conference that took place in 1943 for the setting up of industrial councils on industrial boards, as they called them, in Great Britain. Have you seen that report?—A. No, I have not.

Q. I beg your pardon?—A. No, I have not seen it.

Q. I would like to read just a paragraph that sets out the work of the council. This is from the report which the committee of employers, labour representatives, the workers and the public formulated:

Industrial Boards.

In industries belonging to group (b) it seems most appropriate that power should be taken to bring into existence by legislation Public Industrial Boards, which would be responsible, in consultation with the economic organs of government, for the formulation of general economic policy for the industries concerned. Each industrial board should be recognized by the government as the body with which it would deal in all matters relating primarily to the industry concerned; and each board should consist mainly of representatives of the industry, including labour representatives and representatives of the marketing interests where they are separately organized. Each board should be presided over by a full-time impartial chairman, who should be appointed for a term of years and paid by the state, and should include in addition at least two "appointed members" having no financial connection with the industry and chosen by the state as representing the public interest. It should be the responsibility of the chairman, aided by the "appointed members" of the board, to interpret the state's requirements to the industry, and the requirements of the industry to the state.

There is considerably more, but I think that is the important paragraph. Then, further on it says:—

The aim, then, behind the policy here suggested is that of reconciling the fully legitimate desire of industrialists and others concerned with the various industries to be given freedom to manage their own affairs with the legitimate claims of the state and of the consuming public that such self-government must not serve as an instrument for the promotion of scarcity, the charging of excessive prices, or the perpetuation of wasteful methods and techniques. The purpose is to throw upon industry the responsibility for conducting its own affairs under adequate safeguards for the public interest.

Will you agree that the purpose, by and large, of the industrial councils that you mention, would be along those lines?—A. I suppose the general principles there would not be much different, with the belief, of course—I did not quite catch whether you mentioned the role of labour in that last reference.

Q. This last reference was an over-all; the role of labour and the position which it would hold was mentioned, I think, in the first paragraph that I read, that it would be on the basis of equality with the other parties to the industrial board in the making of recommendations. I do not know if there is anything further.

Mr. BEAUDOIN: Mr. Chairman, might I ask you if Mr. Conroy was asked to give his pedigree at the beginning of his evidence?

The CHAIRMAN: No.

By Mr. Beaudoin:

Q. If I understood you correctly, Mr. Conroy, the industrial councils that you are proposing, their creation would be dependent on the adoption of a national labour code.—A. I cannot hear what you are saying.

Q. If I heard you clearly, these industrial councils that you are proposing, their creation would be dependent upon the adoption of a national labour code?—A. No, although the function of a national labour code would have a bearing on it in the sense that if you had a national industry it would be extremely helpful if you had national labour relationships on a national basis. That is to say, if you had a specific industry with branches in all provinces it would be very helpful if you had a pattern of labour relationships which would parallel the operation of the industry itself.

Q. You know we have had many controls in this country since the beginning of the war and there has been and there still is some criticism about regimentation. It seems that the general consensus of opinion is to the effect that controls should be dispensed with as soon as the necessity for them does not exist any more. You are recommending industrial councils subject to some form of social control through government. Would you clarify that particular point, please?—A. I believe if you set up an industrial council representing on the one hand the employers, and labour on the other hand, while it is true that in the proposition we would have a public representative nevertheless the fact of the substantial number of these industrial councils would have a distinct impact on the affairs of the nation. I think it would be a matter in the public interest to have at least some supervisory regulation to see to it that it did not become an abuse instead of a benefit to the nation. For instance, one can foresee that even notwithstanding public representation it is quite conceivable that unions and employers might get together in a sort of cabal and generate the idea of a cartel for a particular industry.

Hon. Mr. MITCHELL: Like A.B.C. in Ontario; do you remember A.B.C. in Ontario?

The WITNESS: Yes. Because of that I think it might be in the interests of the nation to have some form of social control to supervise the operations of these companies. I cannot see any degree of regimentation in that. I think it would protect the interests of the people.

By Mr. Beaudoin:

Q. In the national labour code you are contemplating, would you include a clause to take care of these industrial councils?—A. I do not think you could do that in that document. What you would do in a national labour code would be to set forth the principles of the relationships between unions and employers, or employees and employers, a draft of regulations whereby employers are forbidden to do this and allowed to do that, and the same for unions.

Q. But would you include a clause to take care of the industrial councils?—A. At the moment I doubt if it would be a wise thing to do. I think it would make the national labour code top heavy. I think it would have to be considered as a separate piece of machinery.

Q. But you had in mind that sooner or later this particular thing should be included in the national labour code?—A. Not necessarily so because of the intricate workings of the industrial council. I think to pack the industrial council in with the national labour code might make labour relationships so involved that the effect might be worse than the cause. I think industrial councils if considered by the government would have to be regarded as a separate and distinct proposition.

Q. Would you include some provisions with reference to union security in your national labour code, and how far would you go?—A. Yes, we have already asked for that in a proposed national labour code. We have drawn up a draft of a proposed labour code and submitted it to the government roughly about eighteen months ago. In that draft we ask for a provision for a union shop and check off.

Q. You have a copy of that draft with you which you could leave with the committee?—A. Union shop and check off.

Q. Are those the two main points on which it differs from P.C. 1003?—A. There are others which I frankly cannot recollect at the moment. For instance, there is one I do remember that at the moment a union is not officially recognized as such in labour relationships. What is recognized is a number of men called bargaining agents. These bargaining agents may change from time to time. They may leave the employ of the company; they may be fired. Any one of half a dozen things may happen to them. Outstanding to all these circumstances the fact remains at the moment that a union is not recognized as an official bargaining agent.

Mr. MacINNIS: Bargaining representative.

The WITNESS: Bargaining representative. There are a number of individuals recognized instead of the union itself. We have asked the government in the proposed draft to make that change from bargaining representatives to recognizing the union as such. There are a considerable number of proposed changes which frankly I cannot remember at the moment.

By Mr. Beaudoin:

Q. Have you a copy of that draft with you?—A. I think we can get you a copy.

Q. You will leave one with us? Now, you would like this labour code to be uniform throughout the country, and it is a part of your first recommendation that the provinces should be called upon to accept such a code?—A. I think I said in my brief in co-operation with the provinces.

Q. I will tell you right way that what I am worried about is this, where you go on and say where co-operation will not be forthcoming that you would like the national code to be applied by constitutional amendment?—A. We have suggested what I classify as a layman's proposed constitutional amendment, that the national government might well draft a proposed national code, and that supplementary enabling legislation allowing the provinces to accept it or reject it could be passed. It would still leave the province that did not want to accept it a free agent to go along with its own legislation.

Q. In other words, when you say in this first recommendation that where co-operation will not be forthcoming you would like to have the code implemented by constitutional amendment you mean what you have just said?—A. Right.

Q. Therefore the words there are not expressing your view exactly?—A. Well, we are assuming this. We have discussed this with people in the government before. They have told us that as laymen our opinions are not very sound, that enabling legislation just is not possible under present circumstances, and that we should have to secure a constitutional amendment in order to provide that enabling legislation.

Q. If in order to provide enabling legislation an amendment would have to be secured you would ask that it be done?—A. Yes.

Q. If I tell you, for instance, that one province would never consent to that sort of change you would still favour it? I may be wrong.—A. The word “never” is an extremely strong term. I am never prepared to go out on a limb to say “never” to any circumstance at all because I think we all change our minds, and I would say that even the province to which I believe you refer—

Q. Quebec?—A. Quebec, that there are in that province just as many good Canadians as in any other province in the dominion.

Q. No doubt about that.—A. And if the national labour code could demonstrate that it was beneficial to these causes, while reserving the right for Quebec to reject it, I am inclined to believe that the people in the Quebec government are intelligent enough, just the same as any other provincial government, to analyse that proposed national code on its merits in the light of accruing benefits that would come to the working man of Quebec and the employer as well.

Q. But you are not excluding the eventuality that should they reject it the Quebec government and the Quebec people would still remain intelligent?—A. I do not think I am excluding Quebec from having the right to reject it. I said that under the proposed enabling legislation Quebec, or for that matter any other province, through such a device would have the right to reject it. It would not be regimenting Quebec into a position to which they were opposed.

Q. Your organization is advertised as being a very progressive one. You have a wage co-ordinating committee and a research council. You have all sorts of committees within the confines of your organization. We have heard about political action committees. Would you comment on that?

Mr. SMITH: Mr. Chairman, on the same point of order that I raised this morning—

The CHAIRMAN: I ruled this morning that the committee should not refer to any political question, and I think that ruling should stand.

Mr. BEAUDOIN: What is the point of order?

The CHAIRMAN: I do not know if you were here this morning but a similar question was asked by Mr. Case. Mr. Smith rose on a point of order on the ground that this discussion was not within the scope of our order of reference. I ruled that Mr. Smith was right. I am sorry to interrupt you.

Mr. BEAUDOIN: That is quite all right. What I was driving at is not what some of the members might be worried about. It had reference to the hope which was expressed yesterday by Mr. Conroy that one day labour would sit together around one table, that the labour movement would become one. I merely wanted to ask Mr. Conroy if this political action committee was not a step in that direction unifying the two labour movements in this country.

The WITNESS: No, I do not think it has any connection in the slightest.

The CHAIRMAN: Order, please. I think that question is so closely connected with the one asked by Mr. Case that I cannot permit it. I am sorry, Mr. Beaudoin.

Mr. BEAUDOIN: It is a fact that there are committees of that sort. To my own knowledge there were members from the A.F. of L., members from the Trades and Labour Congress, and members from the Canadian Congress of Labour who belonged to these political action committees. I thought it was a starting point in trying to unify the labour movement in Canada. That is why I asked the question. If it is out of order I bow to your ruling.

By Mr. Beaudoin:

Q. As to price control you do not believe that Mr. Gordon is right? That is quite clear from what you said.—A. Yes, that is our opinion.

Q. You do not believe he is right?—A. We do not think he substantiated or justified his case.

Q. If you were to find somebody else who could substantiate that case or tell us something better than Mr. Gordon has told us so far would you suggest anybody else in Canada?—A. Well, I might suggest yourself if you had the right tools to work with.

Q. Pardon?—A. I might even suggest yourself if you had the right tools to work with because of the fact that Mr. Gordon's attitude and his opinion are preconditioned by certain mechanics of operation, the outstanding one being that employers shall be the sole determining agents of their own profits in relation to wages and in relation to prices. Until that is removed then I say that Mr. Gordon, or for that matter anyone, is not in a correct position to analyse properly the relationship between wages, profits and prices, and to determine whether the relationship of wages to prices is inflationary or not.

Q. You also said that you had no confidence in the labour relations board?—A. Correct; the war labour board.

Q. I do not want to put into your mouth words that you did not say, but, this morning you said that you would follow the law in this country if it was made equal for everybody, or something like that. Am I correct; that if the government would follow it, you would follow it?—A. I do not want to resurrect spectres from the grave. I said if the government of Canada would respect and obey its own laws, then you could expect the trade unions to do so.

Q. What is the ratio of population that you represent?—A. What I might give you would be a guess. I will probably be out 100,000, more or less. Our membership is between 300,000 and 350,000. Some of these are married men; some are single men and single women, too. I would say, making a rough guess, that we represent somewhere between 800,000 and 1,000,000 people.

Q. Would you tell me, Mr. Conroy, how long collective bargaining has been recognized in this country?—A. Collective bargaining has been recognized as a superficial principle for about 50 or 60 years. There was an early statute in Canada that gave some recognition to collective bargaining, but, in effect, collective bargaining has been a day to day process depending upon the evolution and fighting between labour and capital for labour to get established. We have all kinds of unions in Canada. Let me emphasize the railroad unions, in particular, one of the oldest groups in the nation. Their unions have been doing business with the railroads for many, many years, roughly half a century, yet they have never been recognized as unions up until a couple of years ago when the National War Labour Code came into operation. They always did business through what we call employees' committees.

Q. They were recognized in that form?—A. Yes, but elsewhere not as trade unions.

Q. That came into effect only in 1943?—A. Officially, they were only recognized as such when the wartime code came into effect.

Q. Collective bargaining has been recognized in this country for many years?—A. Yes.

Q. In other words, unions could exist and contract with their employers?—A. That is true in varying forms. I would say that up until 1940 there were anywhere between 8 and 9 per cent of the workmen recognized in organizations.

Q. The Canadian Congress of Labour has been in existence for how long?—A. Roughly 5½ years.

Q. In the last five years you have been organizing 300,000 workers?—A. Not quite. We had a sizable number to start off with.

Q. When you say the dominion government in this country has been short-sighted and has not seen the growing movement of organized labour, were you suggesting that organizing workers was part of the government's work?—A. We were not suggesting that the government of Canada should organize workers. We say that is the responsibility of labour itself.

Q. In other words, as long as the government provides the tools to the labour movement, as long as there is recognition of collective bargaining there and the machinery set up, the balance of the work in order to get the people into the labour movements rests with the labour organizations?—A. Right.

Q. And you cannot work any faster than that?—A. We will work as fast as our energy, resources and intelligence will permit us.

By Mr. Lief:

Q. Will you tell the committee how many people there are in the labour movement?—A. I think the last Department of Labour figures gave roughly something over 700,000.

Q. Would you care to estimate the total labour pool, the total available labour in Canada?—A. You can estimate that on two bases. The total labour pool may be between 3,000,000 and 4,000,000, but as to a potentiality as prospects for labour organizations, it probably would be about one-half of that figure; around about 2,000,000.

By Mr. Beaudoin:

Q. Is it within the jurisdiction of your organization to organize farmers at a certain date?—A. No, I must say that we have been asked to organize farmers, but I think we have wisely declined.

Q. Would you mind if I told you, as a representative of a rural constituency, that if you get 5 or 10 cents increase, I would feel that the price of butter and other produce should rise?—A. I believe that just as the man in the vineyard, the farmer is entitled to a fair return for his work and his products.

Q. There was a wage increase a few months ago in the steel industry, I gather, and every time you workers are given an increase in wages, would you think that the farmers would be right in asking for an increase in the price of their products?—A. May I put it this way? After all, I am answering a question and I think I should give you what is going on in my mind. Labour, rightly or wrongly, at the moment is asking for what it calls a fair and just wage rate. I would say that the farmer is entitled to receive an increase on the same principle in so far as prices are concerned. I do not, of course, concede that because trade unions get 5 or 10 cents more that that would automatically affect the farmer.

Q. To make it short, let us assume that the increase of 15 cents across the board is granted workers all over Canada.—A. I am not an economist in any sense of the word.

Q. You have given us a lot of economy?—A. I notice that a lot of you have not agreed with me. First of all, my knowledge of agriculture is elementary. I do say this, that in justice to the farmer, there is no bottomless pit into which either labour or the farmer can put their hands in and at any time extract just what they want. We said that in our brief. It gets back, I think, to the principle we have been trying to enunciate. There must be established a relationship, so far as we can effect it, between profits, wages and prices. It would be unsound if labour were to come out and ask for a wage increase of \$1 an hour. It would not be listened to. Yet it might be just as unsound for the

farmer to come out and demand the equivalent of that in the price of butter, for instance. Your economy can only stand so much pressure. Labour is asking what it thinks can be afforded by the economy.

Q. You do not think that this pressure had gone to the limit; you think you can get 15 cents increase, like you are asking now, and that the economy would still remain stabilized?—A. I think 15 cents, yes.

Q. I like your remarks about the farmers and workers working hand in hand, but I do not know how your theory can be put in practice. I am going to tell you this, that I am very sympathetic to labour, but in my riding when the workers get 10 cents an hour increase in a certain industry, the farmers want to have an increase for their products, and if you obtain 15 cents an hour increase this time I know that the feeling is going to be very strong and they will feel they are being treated unfairly if workers can get 15 cents and they cannot get it. If we tell them that Mr. Gordon is all wrong, we have no one to substitute for him to give them an explanation of what price control is?—A. I would say in so far as your constituents are concerned the farmers, if they are being treated unjustly, they have the right to be justly treated. That is all we are asking at the moment. I am not going to try to answer any hypothetical question that I cannot answer.

Q. You misunderstood me. I did not say that they were unjustly treated, but they would feel they were if workers were given an increase periodically and they were not given any. They consider that they have been justly treated in the past.

By Mr. Merritt:

Q. You mention in the labour code that you propose that you want a union shop. That would mean compulsory union membership by statute, would it not? Why is there any need for compulsory union membership? For what reason do men working in an industry where a union exists not join the union voluntarily?—A. I know there are lots of intangible things for which there is no yardstick. There are many things in many minds. The workman's mind is the same as anyone else's, and what is in it there is no way of explaining it. A man who refuses to join a union and pay dues is pretty much the same as a man refusing to pay his taxes. He gets the benefit of all the community services and protection. In an industry wage increases apply to all whether they are union members or not. Those benefits apply to every employee regardless of whether or not he is in the union or out of it. We think that the man who is getting the benefit should also pay a share of the load to carry those benefits; and, despite the bogey attached to unions, as a general proposition they are not very prosperous corporations, they take a lot of money to administer, their service has to go on twenty-four hours a day. Trying to raise this issue to what I think is necessary, to a high level. I would say the relationship between the employer and the union, if there is going to be any bargaining for all the employees, if you are going to get a contract, that the employees must be in a position to establish the best co-operation with the employer. Otherwise, if there is an extra agency outside the company, such as let us say ten or twenty per cent of the people who are not members of the union, the contract may and can be qualified to the extent of that ten or twenty per cent of non-union members are willing to set aside the provisions of the contract itself. In short, as a good business relationship, the employer, from our point of view, ought in the main and will try to apply efficiency in all sides of his undertaking; in buying, in selling, in distributing and all the rest of it; but he has as yet, as a general proposition, to conceive of the human factor in industry as one of the greatest potential cost elements in the industry if it is not handled properly. I would say that if the employees on the one hand and the employers on the

other are going to do business in a businesslike way then the union that speaks for the employee must, to ensure that businesslike relationship, be able to speak for all the men employed in the plant and affected by the company.

Q. Well, Mr. Conroy; first of all, unions are not bogies to me, and you have made a very good argument from the union's point of view that all workers should assume the burden with benefit. I fully understand that. The question I asked you is different. You must have had considerable experience in organizing unions. You must know from your knowledge of the men who work in these various plants the reasons they give when an organizer approaches them and they do not come in, and I think it would be very helpful to the committee if you would give us the benefit of your knowledge on that particular aspect of it.—A. Some of those reasons are very surprising.

Q. No matter how surprising they are, I should like to hear them.—A. Well, to start off with, some of them don't like unions anyway. Others start out by saying by way of justification that the union is robbing our individual rights. Then, say an organizer like I used to be comes along and he does not like the colour of my hair, he does not like the way I part my hair, he does not like my Scotch accent, or something like that. There is another group of fellows who won't join the union because their wives won't let them. And that is not too far fetched either, that is a fact. Because their wives, particularly in small communities, before this disturbing influence of unions came into the community, they say, we got along in a very polite, harmless, objective sort of fashion with the company's straw bosses; when we go down the street we get an occasional smile from the foreman's wife, we don't want to break that very happy objective relationship. And when the old man comes home and says: "well, Maggie, I have joined the union"; Maggie begins to develop some horrorscopes instead of horoscopes as to what is going to happen to Maggie; and Maggie doesn't look upon it in terms of dollars and cents, individual rights and things of that kind, her social life is ruined. She doesn't want the union. Others, of course particularly the old timers who have been with the company a considerable period have developed a sort of paternalistic relationship with the employer. The employer, of course, comes around the plant occasionally, particularly if it is a small plant, and he does not address the workmen as Jones, he addresses him as John, Jim and all the rest of it, and there is a certain degree of what you might call false loyalty developed there over the past number of years—some of it is genuine loyalty and some superficial loyalty. Then, when it is suggested that this disturbing thing called the union is going to come in there as the contacting agency, the boss suddenly begins calling him Jones, instead of John, that old familiarity is going to be set aside and he will be pushed into the background, and instead of a peaceful atmosphere there is going to be a disturbing one. Frankly, I could not enumerate all the reasons why men do not want to join the unions. Some don't want to join out of sheer cussedness.

Q. Isn't that part of your duty, to break that down, Mr. Conroy, rather than to ask for statutory authority? I have in mind, I believe it was in Great Britain, you have virtually 100 per cent unionism and there never has been any compulsion. It has been a very voluntary movement. Could you explain why that does not apply here?—A. I worked in a coal mine in Great Britain in my very early youth. I was in the coal mines when I was thirteen years old. While it is true there was no compulsion and most of them were union shops, the unions themselves did the exploiting; and in fact they tried out perhaps the same measure of what has been called compulsion as you have in Canada or the United States, or at least that is the way we appreciated it. For instance, it was not an uncommon thing to have happen at a pit head in the early morning; you would arrive there after having walked several miles, getting up

around four or five o'clock and getting to the pit head around six thirty or thereabouts usually on a very rainy morning. You would find that the miners had gathered around in the pit head and they were discussing things in a rather animated fashion. You got interested and very soon you found out that their discussion centred around John Brown who had not joined the union; and almost unanimously on all occasions the decision was a notification to the employer or to the mine foreman as the case may be, that if John Brown was not in the union by tomorrow morning this mine is not going to work. And now, there is your principle of volunteerism which is in effect in Great Britain. And there will be a lot of the so-called volunteer unionism become really voluntary if we were to establish a proper mechanism for the purpose, and we could benefit from these experiences in Great Britain. If we did that we might be able to accomplish by short cut in establishing the position of the unions as bargaining agents.

Q. Have you figured out in your studies of the problem what percentage of John Browns in a particular plant before a compulsory union shop is granted men should be in the little knot at the pit head as compared to the number of by statute?—A. Well, that is a hard thing to answer. Of course, your parliament functions on a basis of 50·1 per cent; and I do not think you will get angry with me if I should tell you that there are numbers of members in the House who haven't got that. I mean, that is not unusual. It is a general condition.

Q. We can't help that.—A. Well, now, sir why do we deviate away from parliamentary customs and practices? I mean, if that is good enough to elect our peers to the commons to bring laws into being to protect the people and to ensure their welfare, and to compel me to follow them even though I may not agree with them—I am only using a figure of speech—why should they compel me to agree with your laws—what would be wrong with applying parliamentary practice to trade unions? I mean, if it is good enough for parliament it ought to be good enough for us.

Q. You have used a different analogy. I want to take you back to your own analogy. A few men at the mouth of the coal pit and the John Browns were of equal number—that could quite easily be, could it not? Then the John Browns would not be in the unions the next morning but rather you would have some trouble at that plant?—A. I agree with you they back the proposition leaving out the polemics of the situation; as practical proposition, if the union wants to do a good job, if it wants to establish a permanent basis for its organization, the greatest possible number it secures in its organization the better for it, with or without a union shop. I would say that if a union were asking for a closed shop, if it wanted to convince the employer and the employees that it was doing a good job, it should try and secure an overwhelming majority before it asked for a union shop.

Q. Have you figured out what that majority should be?—A. One guess would be as good as another. I was an organizer in the United Mine Workers in the west a good many years. Our union policy at that time was that we very rarely asked any company for a union shop—the union shop applied to all that industry—but in the case of a new mine where the new operator has to sign a first contract, the United Mine Workers Union usually signed up anywhere from 75 to 80 or 85 per cent before they went in to do business with the employer on any question, regardless of what it was.

Mr. MERRITT: Thank you.

• *By Mr. Lieff:*

Q. Mr. Conroy, I should like to ask you this; do you think the Rand formula pretty well acceptable to the unions at the moment?—A. The Rand formula is an instrument which might be successful in a given set of circum-

stances and might not be successful in others. I would say that in the Ford case so far as the history of that development has come to my knowledge, it has been a distinct help to both the employer and the union; at least, the reports I have received since the Rand formula came into being indicate that the relationship between the Ford Motor Company and the Union has never been better than it is since the Rand formula went into effect. My personal opinion of the Rand formula on general principles, while I say it has done apparently a very good job at Windsor, is that in some respects I think that penalties applied against labour are not balanced in relation to the responsibilities of labour; but where it can be fitted into a given situation it is probably first class as a mechanism for establishing good relations. Going on to the history of Windsor, it seems to have worked out all right there.

By Mr. Smith:

Q. You apparently did not agree with one of our members, Mr. Gillis, who distinctly told us that the only union security that labour wanted was the check-off and if they had that, then it would be up to the unions to sell themselves to the men in the occupation concerned. You did not agree with that?—

A. I come from district 18 where they have a philosophy of their own. In district 18 they believe in the union shop. They fought for a generation and they have had it for the last generation and we believe that the union shop is a good operation for both parties in the industry.

Q. In western Canada it works perfectly.—A. I think so.

By Mr. Bentley:

Q. I want to follow up. I believe Mr. Conroy said, in answer to a question, that the organization of labour was a responsibility of labour itself. Labour naturally would agree that the same applied to the farmers, in dealing with your organization and taking care of the interests and responsibilities of farmers themselves. I was wondering then, if, in your recommendation for tripartite councils, it would not have been a good idea to have included representatives from farm organizations there, because we have, I expect, as large a percentage of farmers organized in western Canada anyway, as you indicated that labour has, among its members.—A. I have not the slightest objection to the public interest being protected on the councils: What form it would take, would, I suppose, be a matter of opinion. If farming representatives could make a contribution to the well-being of these councils, just as would a public representative, I do not see any fundamental objection to it. After all, they are a distinct and a very large segment of our population.

Q. I was just going to remark, Mr. Chairman, that the matter of costs in the things that a farmer buys, of course, decides what he requires for what he sells in order to keep on producing and living. Therefore, it is important. I believe, somewhere in this brief, Mr. Conroy stated that the difficulty with Mr. Gordon's theory is that he works on the principle that reasonable profit comes first and wages get what is left. I think the farmers have to operate pretty much under the same complex as do the owners of a business from whom the farmers buy their stuff and to whom they have to sell in order to market their stuff. Therefore, it seems to me to be extremely important to agriculture that it have some voice in the settlement of these things that may affect the cost of production and living; and for that reason, I believe they should be here as separate from what is mentioned as the general public. Like Mr. Conroy, I think that private industry in this country can pay good prices for agricultural produce and that fair and reasonable wages could be worked out by labour without seriously affecting the actual economy of living and the welfare of the

owner of any industry in this country. And because of that I think Mr. Conroy should be assured of the complete support of the organized farmer towards the proposal of his unions, if they were sure they were going to have some voice in what affect it was going to have on their welfare.

By Mr. Smith:

Q. I want to make myself clear, lest I be misunderstood. I interjected to Mr. Conroy that the union shop in our coal mines has worked out perfectly, as it has, and the reason is because of the splendid leadership of labour, in which leadership he played a part at one time. As you said, it is the human relationship, the type of leadership, that made it go. Do you not agree with that?—A. Aside from the cause of leadership, I cannot refuse to agree with you.

The CHAIRMAN: Is the committee through with Mr. Conroy? Yes. I understand there are some more briefs to be presented to the committee. Some members have expressed the opinion that these briefs should be printed as submitted, as we have done with the rebuttal briefs. I would like to be sure of that and if some members would like to express their opinion on this question, I would be very glad to hear them.

Mr. BLACKMORE: Would it not depend on some measure on the program your steering committee has mapped out for us during the days that yet remain.

The CHAIRMAN: I may tell you, Mr. Blackmore, that the steering committee has accepted the idea of hearing Mr. Conroy, and that is all. My understanding is that yesterday, I think, Mr. Conroy expressed the view that some of his colleagues have briefs ready; but on the other hand some members have expressed to me the opinion that those briefs should be put on the record instead of being read. That is a matter that has not been considered by your steering committee.

Mr. JOHNSTON: Are they long briefs?

The CHAIRMAN: I do not know.

Mr. CROLL: There is this disadvantage; if we have a brief presented here, it does not give us an opportunity to examine the man or to question him on something that may arise in the mind of some of the members. Of course, I can see no objection, however, when a brief is handed in, should the man be made available for examination. If the brief be given to us the night before, we could read it and have the man present himself; we would thereby save a good deal of time. Otherwise, if you start with the briefs, there are a great number of them,—there are twenty to thirty people who want to be heard—and you know the time at our disposal. But I think they ought to be available.

The CHAIRMAN: At the call of the chair.

Mr. CROLL: Suppose two or three people would be available here to-morrow. They could read two or three briefs. I do not think we would get over many more in one day.

Mr. MACINNIS: Mr. Chairman, I think if we have a number of representations from those who sent briefs, that they want to read them and to be heard, I think we must hear them. That, as I understand it, is what the committee is for. That is why it was set up. I do not see that we are going to—or can—come to any clear understanding if we are not going to hear the people who are affected in the matter of industrial relations. If Mr. Conroy wants to present briefs or table briefs for various organizations affiliated with the congress, and wishes to leave it at that, all well and good; but if those people, those organizations who prepared the briefs, want to be heard, either to read the briefs or to be questioned on them, I think we should hear them.

Mr. JOHNSTON: I want to agree with Mr. MacInnis because I think it is the proper form.

Mr. McIVOR: The American Federation of Labour is, I think, the oldest union, in Canada; and I feel disappointed—I propose to put it that way—that they have not been heard. I do not want their briefs without their men.

The CHAIRMAN: You mean Mr. Bengough.

Mr. McIVOR: I mean Mr. Bengough. Because, as Mr. Conroy has said, these other unions represent the younger element, I think we should hear the older heads.

Mr. MACINNIS: I think that Mr. McIvor could be told that the leaders of labour and the congress officials were invited by yourself that they could be heard if they wanted to be heard.

The CHAIRMAN: I have not received any request to be heard from Mr. Bengough or from any other heads of organizations of the kind; but I have received several requests to be heard from locals or individuals. Our steering committee has decided, quite definitely decided, that the whole committee will deal only with the heads of organizations. Otherwise if we open the door to deal with individuals, we do not know where we are going. If Mr. Bengough or any man in authority, such as a leader of a labour organization or of some kind of organization like that, desires to be heard, he just has to send his official request to the chairman. He has not yet done so and I do not think it is my duty to send out an invitation at large asking for the good will of those who desire to be heard.

Mr. CROLL: How many applications have you for people who want to be heard? If we have one, two or three, we can hear them. Have you got more than that?

The CHAIRMAN: Oh, yes.

Mr. CROLL: How many?

The CHAIRMAN: I do not know. I made an inventory a few days ago and there were quite a few; but you remember, Mr. Croll, that we have decided that we will deal only with the heads of the organizations. For instance, to-day I received a brief from Vancouver but I do not know where it comes from, and I do not know either if the man who is responsible for that brief will call or try to have an opportunity to be heard. So we are in this position, gentlemen, that we are through with Mr. Conroy and that there are some other witnesses having briefs to present.

Mr. CASE: Could I have just a word in answer to the question. When the committee was set up, there was quite a lengthy outline given to us that the way we were going to function was to hear representatives of the public and representatives of farmers organization in order to get an over-all picture. I can understand why farmers are interested in wages, because our farmers cannot hire men. I come from a constituency which is made up of two-thirds farmers and I know that no one wants to work on a farm. They are leaving the farms. Have you had any representations made to you by what could be called consumer or farmers organizations?

The CHAIRMAN: I have just received a telegram from a co-operative in Quebec stating that if an increase is given to steel workers, they will ask for an increase in the price of butter. But it is a local organization and I put it before the steering committee. We have not received any other communications of that sort.

Mr. JOHNSTON: May I ask Mr. Conroy if he feels he has presented his case satisfactorily to himself?

The WITNESS: I said that I had five documents to present to the committee in addition to my own brief which has now been disposed of. Mr. Case asked, one day, for some estimate of the relaxation of different price items. We went to some trouble to get a collation of those relaxations and we have copies here

for the committee and are willing to submit them to you. And in addition, there is a brief from the rubber workers, a brief from the automobile workers, and a brief from the electrical workers unions; and I suggest that you allow these individuals to read, at least, their briefs into the record sometime to-morrow.

Mr. SMITH: I want to clear myself. When Mr. Conroy began, he said he had his own brief and several other briefs he would present. He then added, that if we wished to discuss these matters with the heads of those other organizations who were here, then we could do so. I take Mr. Conroy exactly at what he said; so I favour what Mr. Croll said, that these briefs be presented to us; let us peruse them and let us call these people if we wish to ask them questions. Now, with respect to other persons, we have heard much about the American Federation of Labor. But the American Federation of Labor is not here and they do not need a golden engraved invitation; they know what is going on and if they want to present something to this committee, let them come and do it. They know that the door is wide open. Coming back to Mr. Conroy and his organization, he wrote to us requesting to be heard and the committee granted that request. That is the procedure which we have adopted because it is obvious that if we are going to go into all these various minor things, we should remember that our job is to get the over-all picture and endeavour to prevent or cure industrial unrest. I think we have had Pat Conroy in the box now for two days, two full days. To suggest that he start and read three more briefs—and this was his own suggestion—I think is too much to ask of anyone. I think if we give him our assurance, as I give him mine that I will read these briefs carefully—and all he did was to read his own brief—then I think, everybody must be satisfied. Therefore I am going to move that this committee proceed as it began to hear evidence from parent organizations if they care to present themselves, that these three briefs be filed and made a part of the record, and that this committee undertake they will be read, and that if Mr. Conroy will give us the names of these persons they can be called here in order that they may be questioned. I put that in the form of a motion. We will treat them as we did Mr. Hilton's brief which was filed and which we undertook to read.

Mr. GILLIS: We did not do that at all.

Mr. SMITH: We did not undertake but I read it.

Mr. GILLIS: Mr. Hilton came before this committee as Dosco and Algoma did. They presented their own case and were cross-examined. Their briefs in rebuttal were filed and handed out to the members of the committee. I am thinking of the terms of reference of this committee. It was set up to deal with the present industrial disputes. We have heard steel all the way through.

The CHAIRMAN: Order, please.

Mr. GILLIS: We have heard Mr. Conroy speaking as the executive head of the organization that co-ordinates some 250,000 Canadian workers. He has given us the general picture as to why we have labour unrest in Canada. I still think we have a responsibility; according to our terms of reference, to hear before this committee the representatives of some 36,000 workers who were on strike before steel, and give them an opportunity to present their case and be cross-examined before this committee. If that is not done I think we are chopping our work off in the middle.

Mr. SMITH: I am not suggesting anything of the kind.

Mr. GILLIS: Rubber is on strike; the electrical workers are on strike; textile workers are on strike; chemical organizations are on strike. They have been on strike for some considerable time. According to our terms of reference we are duty bound to take evidence and see if we cannot resolve these disputes.

In addition to that I think this committee has another job, according to the terms of reference. Out of these discussions and the examination of the reasons for these disputes it is intended that we should bring a report back to the House that would recommend some formula apart from the present legislation that would preclude a repetition of the disturbances that we have at this time. If that is so I think you had better get down to business and hear the rest of these people, allowing them to place their briefs before this committee but the assumption that we are going to read it and do something about it, in my opinion, is not a correct one. Half of the members of the committee will not get a chance to read them. I am opposing Mr. Smith's motion. I suggest that the representatives of those organizations concerned in the disputes presently on our doorstep be called in and their problem examined as we did with steel, and an opportunity be given to this committee to cross-examine.

Hon. Mr. MITCHELL: Are you not in this position? There are four or five briefs according to my understanding. They are delivered here, and then the people on the other side of the picture will want to give evidence. I wonder if you realize what you are letting yourself in for.

Mr. GILLIS: Let them come.

Hon. Mr. MITCHELL: After all is said and done the basic principles are the same in the steel strike as in the other strikes. The broad question has been covered by Mr. Conroy as the chairman of this wage committee. It does seem to me that Mr. Smith is on the right track. I believe there is this danger with these briefs. Suppose the rubber employers want to be heard and the electrical employers and these other employers you speak of. This is my own view, but I think there has been so much repetition in the last week that the general understanding of the question is comparatively clear to me, anyway.

Mr. GILLIS: It was to me before this committee was set up.

Hon. Mr. MITCHELL: I would expect that from you because you can always back a horse after the race is run.

Mr. GIBSON: But they do not pay off.

Hon. Mr. MITCHELL: They do not always pay off. I believe Mr. Smith is on the right track, and as far as I am concerned I would second his motion.

Mr. JOHNSTON: I want to say a word on that. I have been on a good many committees since I first came to this House some eleven years ago. I think I can say from my own experience that a brief which is submitted and merely put on the record gets very little consideration. I am firmly of the opinion that if we are going to accept a brief then we should have the man responsible present the brief. I do not mean to say every individual in the country, but the heads of these different unions should be able to do that. When the man has presented his brief then he should be questioned on it.

I do not see how you can expect to take five or six of these briefs and throw them on to the members of this committee and say, "Now, you read this to-night and be prepared to ask questions on this subject to-morrow. They will be here." It just would not happen. With the great amount of business that is carried on in this committee and in the House at large you would not be able to give it all that time in the short space that you would have. You would have to have these men who are presenting these briefs sit here for days probably before they would ever be called. I think the most logical way is to have these briefs presented and read into the record and at that time ask questions on them. If there is repetition, as the minister indicates in these briefs—and I imagine there will be—surely the members here have enough discretion not to ask questions on that part which is being repeated. Of course, I cannot say they will always do that.

Hon. Mr. MITCHELL: History will be written if that happens.

Mr. JOHNSTON: I agree 100 per cent because I thought in the discussions to-day there had been a tremendous amount of repetition, and I cannot say that there has been a corresponding amount of good come from it. I do definitely say that if we are going to accept a brief then I believe it should be read and the man questioned on it immediately. Then you can dispose of him and bring on your next brief and let that individual be examined, and so on. That is my view. I am opposed to Mr. Smith's motion.

Rt. Hon. Mr. HOWE: May I throw a little new light on the matter in this way that it says here that Bracken thinks the House will close on August 24th.

Mr. JOHNSTON: Who is he?

Rt. Hon. Mr. HOWE: As the leader of the official opposition I think he is the only man who knows about that. I would point out that this committee has no power at all within itself except to report to the House of Commons. That is its power and duty to make that report, and it is the privilege of the House of Commons to discuss the report. If anyone thinks they can write a constructive report in less than a week I would be surprised, and I doubt if the House of Commons will be prepared to debate anything in the last week of the session. It has not been my experience. Therefore it seems to me that the committee could best carry out its duty by making a report at this time and giving the House of Commons a chance.

The WITNESS: Mr. Chairman and members of the committee: I know this has been a very tedious process, but regardless of the opinions involved on either side, on the part of myself or the committee, I should like to remind you that when I stated I had three briefs in addition to my own they represent three industries which have been on strike going on for two or three months. The heads of those unions have been sitting patiently and faithfully in these proceedings for the last three weeks. I think it would be only fair that starting to-morrow morning you call these gentlemen in their turn and allow them at least to read their briefs. If you decide not to question them that is your privilege.

By Mr. Smith:

Q. How long are they?—A. They are not as long as mine.

Mr. CROLL: The questioning takes the time.

Mr. JOHNSTON: The members can judge themselves accordingly with regard to their questions.

Hon. Mr. MITCHELL: Why do you not do this? Here is a suggestion. It may not be worth anything, but why not get the briefs now and do not sit to-morrow morning? You could read them between now and one or two o'clock to-morrow, and if in the judgment of the steering committee any of these witnesses should be called then we can call them to-morrow afternoon.

Mr. CROLL: No. I think you have got something but you do not go quite far enough. I think it is a good idea, but the witnesses will be here ready to-morrow afternoon.

Hon. Mr. MITCHELL: If we require them.

Mr. CROLL: We will require them. Somebody will require at least one of them. That will give us an opportunity. If they are all here to-morrow afternoon we may be able to finish even if we have to sit later. We will have to finish them and fall in with what Mr. Howe has to say because we have a lot of work to do.

Mr. SMITH: I will undertake myself to call one of these men to-morrow if somebody else will call the others.

Mr. CROLL: I will call one.

Mr. SMITH: We filed Hilton's brief and one from MacMillan on the basis they should be here for questioning.

Mr. MACINNIS: I think we are taking a decision and then trying to justify it. The funniest thing about it was to hear Mr. Howe quoting Mr. Bracken as a reason for doing the right thing. Let me deal first with the point mentioned by Mr. Smith that Mr. Hilton, Mr. MacMillan and Mr. Anson filed briefs with us on the basis they would be questioned on them. Mr. Hilton, Mr. MacMillan and Mr. Anson appeared before this committee and the briefs that they left with us the other day were in rebuttal to what Mr. Millard had said, but remember this, that if they had asked specifically to read those briefs into the record we would have listened to them. We would have heard them, but we suggested to them—

Mr. SMITH: No, Hilton asked and we refused.

Mr. MACINNIS: We suggested to them they leave the briefs with us and they did so. Let us go back to the terms of reference of this committee.

That the said committee be directed and empowered to investigate immediately all issues connected with and appertaining to the present industrial unrest in Canada, with power to call and examine witnesses under oath, and with power to call for persons, papers, and so on, and then to make a report to the House. Mr. Smith said in proposing his motion that we should follow along the line that we decided on at the beginning of hearing only parent organizations. That is just exactly what we did not do because the steel workers are not a parent organization for any organization except the steel workers. We decided to deal with the steel workers first, but they are no more a parent organization than the rubber workers, the electrical workers, or any other of those who have filed briefs.

I would suggest that no matter what our hurry is to get home—and I am as anxious to get home as anyone—do not let us get away from this and say to people who have sat around here for two weeks that we are not going to hear them because we want to get away from Ottawa as quickly as we can. Let us hear them to-morrow. Let them read their briefs and let us question them if we have any questioning to do. If we have to sit one week longer in order to clean this up surely the purpose is great enough and emergent enough that we should do that.

Mr. BEAUDOIN: I do not think we should accept the view of Mr. MacInnis when he suggests that we do not want to give this matter the time that it requires. In Mr. Millard's evidence, Mr. Hilton's and the other representatives of the companies we have had the main briefs read and then the rebuttals were printed in the record. In the case of Mr. Millard we even listened to a supplementary brief. He read it. In this case we have had the main brief from Mr. Conroy. The others may vary, but I think we have had the fundamental brief by the head of the organization, and I go along with Mr. Smith in his motion. In the next instance if to-morrow when we meet in the afternoon we find we have not had enough time to read the briefs ourselves and we are not prepared to cross-examine these witnesses then we can always change our minds and ask these men to start reading their briefs.

Mr. JOHNSTON: And you have already lost half a day.

Mr. BAKER: Mr. Chairman, I support Mr. Smith's motion because, after all, there are the farmers and the fishermen and perhaps the forgotten man from whom we should hear. If we are to do any work at all we will, of necessity, have to save some time in which to do it.

The CHAIRMAN: Mr. Jackson just handed a note asking that he have the opportunity to present his brief himself.

The WITNESS: May I answer a question that was asked, Mr. Chairman? Someone got up and wanted to emphasize that this strike was of an emergency nature and I will say that in addition to the steel industry there are 35,000 other workers on strike. It is extremely important that these men be heard. There may be something in all of the briefs that we have dealt with but the members could skip over that.

The CHAIRMAN: Mr. Smith's motion is that the briefs referred to by Mr. Conroy be filed and made a part of the record, and that the persons preparing them be called for an oral examination if any members of the committee so desire. That has been seconded by Mr. Mitchell.

Mr. BLACKMORE: Does that motion cover all four of the briefs? Mr. Conroy mentioned three briefs of other people and another brief of his.

The WITNESS: My other brief is only a recital of facts requested by Mr. Case, who, several days ago, asked for information as to price levels. We collected some figures on that. We have copies for all members of the committee if you want them distributed.

Mr. BLACKMORE: Those should be heard.

Mr. CHAIRMAN: Those in favour of the motion raise their hands; those against the motion.

Carried.

I would suggest, Mr. Conroy, that you should distribute the briefs now so the members will have the opportunity to read them overnight.

Mr. LIEFF: May I put on the record the submissions of the following organizations:—

The Electrical, Radio and Machine Workers of America, District 5, the witness for whom will be C. S. Jackson.

Mr. CASE: Will the witness be called and asked to identify his brief?

Mr. CROLL: He is here.

Mr. LIEFF: There is a memorandum submitted by the United Automobile Workers, C.I.O. and the witness will be George Burt. There is a submission on behalf of the United Rubber Workers of America, and the witness will be Joseph MacKenzie.

—The committee adjourned at 5.35 o'clock p.m. to meet again on Friday, August 9, 1946, at 3.30 o'clock p.m.

APPENDIX A

SUPPLEMENTARY SUBMISSION OF ALGOMA STEEL CORPORATION,
LIMITED

On July 23, 1946, Algoma Steel Corporation, Limited, herein called "Algoma", filed a submission with the Committee setting forth its case in the present dispute relating to wage rates and hours of work. Mr. Millard, who had already filed a preliminary statement on July 18, 1946, prepared a more detailed brief dated July 23, 1946, and the Committee asked Algoma if it wished to answer Mr. Millard's brief. Many of the points raised in Mr. Millard's brief had been anticipated in Algoma's submission of July 23 and this supplementary submission is therefore confined to a few matters which remain to be cleared up.

Under Article IV of Mr. Millard's brief, which Article is headed "Wages", it is stated at page 14 that Algoma "was able to extend its operations by an amount of approximately \$21,000,000 by special arrangement with the Dominion Government." This statement is incorrect. The Government provided no money for the increased operations involved in the use of the extended plant. Algoma must provide out of its own funds the working capital necessary to purchase the vastly increased quantities of raw materials required in the production of the extended plant. It was not the operations of Algoma but the plant and equipment erected at Algoma that were extended. For special war purposes very considerable plant extensions were made and the great part of these extensions are still owned by the Government and leased to Algoma, for which Algoma pays to the Government annual rental of an amount to provide interest and amortization on the investment.

Mr. Millard states in Appendix "D" to his brief that the \$21,000,000 allocated by the Government was spent on building a new battery of coke ovens, a blast furnace, a 44-inch blooming mill, a 25-inch billet mill, and the installation of additional crane facilities. The blooming mill, billet mill, large boiler house and crane facilities were not built out of money allocated by the Government but were built by Algoma and paid for by it.

In the same Article IV of Mr. Millard's brief at page 14 it is stated that the net working capital increased from approximately \$5,000,000 in 1939 to \$9,000,000 in 1945. This is quite true but, as indicated in Appendix "D" of Mr. Millard's brief, the sales of approximately \$10,000,000 in 1939 increased to "\$30,000,000 in 1945." Actually our sales had increased by 1945 to a very considerably higher amount than \$30,000,000. This increase in sales is a complete answer to any point which the Union seeks to make in connection with the increase in working capital. It is obvious that with such an increase in sales a very considerably higher working capital was required in 1945 than in 1939, and in the opinion of the officers of Algoma the working capital is still insufficient for the Company's purposes. It must always be remembered that our working capital was built up over many years at the expense of the shareholders, who took shares in exchange for something over \$20,000,000 of bonds. Just under \$15,000,000 of these bonds got in exchange common stock only which has not yet paid any dividend. The remaining bonds got preferred stock only at fifty cents on the dollar. The preferred stock has paid a dividend since 1940. Between 1931 and 1940 the bondholders now represented by this preferred stock got no return whatever.

A further point is made by Mr. Millard in Article IV of the Union brief as a ground for granting wage increases. The statement is that "depreciation reserve is now 10 $\frac{3}{4}$ millions compared with two millions in 1939". This increased

depreciation reserve (being the amount allowed by the income tax department) is no more than adequate for depreciation purposes and it is obvious that it could not be applied toward granting increased wages, as this would be a withdrawal of the funds from the purpose for which they are required.

At page 15 of Mr. Millard's brief the statement is made that as a result of the price increase granted on April 1, 1946 "Algoma is likely to benefit to the extent of \$3,600,000." This sum is only an increase in dollar volume of sales. It may or may not result in increased earnings over the previous year. The *Iron Age* of 1st August, page 43, reports raw material price increases over a wide variety of materials as having been 13 per cent between the end of the American steel strike and the re-establishment of O.P.A. last week. The price increases granted us in April this year were to meet a growing serious situation when many of our products were costing us more than our selling price. The eight cent wage increase offered our employees would cost us about a million dollars, and with rising material costs and the limited production of steel permitted us, and our consequent inability to take foreign orders in rails and sheet piling (two of our special products) we may very well find ourselves operating at a loss.

At page 15 of Article IV Mr. Millard's brief deals with the production for the years 1939 to 1945 inclusive. The figures furnished by Mr. Millard were shown to be based on an application of calendar year payroll and fiscal year tonnage. When the proper adjustment is made of fiscal year to calendar year figures the result is very different and it indicates that the per ton production cost in 1939 was \$13.06 per ingot ton and in 1945 was \$15.65 per ingot ton. The actual figures are as follows:—

Calendar Years		Payroll Gross Ton Ingots	
1939	.....	\$3,704,186	283,635
1940	.....	6,056,583	444,083
1941	.....	7,006,368	519,364
1942	.....	8,513,702	626,119
1943	.....	8,934,305	597,738
1944	.....	9,305,296	663,199
1945	.....	8,838,557	564,258

As a result of the above figures the increase in payroll from 1939 to 1945 was 138 per cent, while the increase in productivity over the same period was 99 per cent.

On page 16 of Article IV of Mr. Millard's brief it is stated that "for the whole of the steel industry the reduction in the number of hours worked weekly was 3.2 between December, 1944 and March, 1946." At Algoma there was an actual increase of 1.35 hours per week, being the average hours worked for the first five months of 1946 over the average hours worked for the year 1944.

APPENDIX B

Presented by Mr. Pat Conroy

PRICE INCREASES TELL STORY OF STEADY BOOST IN
COST-OF-LIVING

Just how far has Wartime Prices and Trade Board gone in allowing price increases and in suspending goods from the ceiling?

As far as prices are concerned, how far are we into the transition period? What are the chances of inflation?

How much more will the cost-of-living go up during the rest of 1946?

These are questions Canadians are asking every day and for which answers can be given. So far, there has been little information of a comprehensive nature to deal fully with this subject—one of vital interest to the individual family, to industry and to labour.

But an analysis of all price increases granted by WPTB, whether affecting consumers of pegged at the wholesale or manufacturing level, together with a study of cost-of-living index indicate clearly what has been going on since V-E Day and especially since the beginning of 1946.

These salient facts emerge:—

1. The Prices Board has granted a great variety of price increases due to subsidy removal or to cost pressures within the industry concerned.
2. The cost-of-living index is an accurate but sometimes slow indicator of price tendencies. That is to say, price increases granted in the spring may not, for various reasons, show up in the index until the fall or winter.
3. On this basis, the cost-of-living index which in April took its first sharp turn upwards of $\frac{3}{4}$ of a point, will eventually show an increase of 3 points on the basis of the increases already granted and will probably end the year showing a total gain of 4 to 5 points, including further suspensions from the ceiling and further increases yet to be allowed by the Prices Board.
4. With certain exceptions, there has been little advance in prices suspended from the ceiling. In exceptional cases there have been sharp boosts in price.
5. The price decontrol process has been somewhat more rapid than was anticipated due to insistent demands from business and industry, but in a measure any resulting inflation from strikes, production holdups, and world conditions.
6. Some part of the increase in prices in Canada has been forced on us by the upward swing of prices in the U.S. where the OPA has been fighting for its life for months.
7. Wage increases have dragged considerably behind increases in the cost of goods.
8. As of June 1st, Canada was three-quarters of the way through price control.
9. On the basis of present evidence, we are not likely to have a serious inflation.
10. The Prices Board apparently intends by all means to hang on to ceilings on essentialities, such as rent, food, clothing and miscellaneous key items. Price control on most of these will continue for a year at least. The Prices Board policy has been one of fighting holding battles as issues come up and giving ground gradually when the pressure becomes too great.

11. The cost-of-living varies considerably city to city. In Toronto, as an example, the total cost-of-living in March, 1946, was 118·3 and in Canada 119·1. The food cost-of-living in Toronto 130·1 and in Canada 134. However, fuel and light in Toronto stayed at 113·5 as against 108·3 in Canada generally.
12. Many items not in the cost-of-living index, which are not considered to enter into the essential pattern of domestic necessities, have boosted family cost-of-living considerably above the index figures. This would apply particularly to goods coming back on the market at prices higher than the 1941 average.

The following calendar shows clearly the gradual decontrol process that has been going on from V-E Day to June, 1946. This day-to-day summary represents price increases and ceiling suspensions allowed by the Prices Board and it gives a clear idea of the number and variety of such increases and suspensions:

DAY TO DAY CALENDAR OF PRICE INCREASES AND SUSPENSIONS FROM THE PRICE
CEILING ALLOWED BY W.P.T.B. SINCE V-E DAY
MAY 8, 1945 TO JUNE 1, 1946

June 1, 1945.

Minor adjustments in 1945 honey prices were allowed in order to improve distribution. Retailer and consumer prices remain the same, the change being at the wholesale level.

July 14.

A 10 per cent subsidy on retail sales of softwood lumber to certain classes of purchasers was removed. Consumer prices are not expected to show any marked change as lumber dealers were given some relief in May elimination of sales tax on certain building materials.

July 21.

Transportation costs allowed on small shipments of bananas from distribution areas to similar centres to bring about greater supply in these areas. Retail ceilings in these areas became slightly higher.

July 26.

An increase granted in the wholesale price of soft drinks of 10 cents per case. No increase authorized in the price to the consumer. Increase granted because industry was being seriously affected by reduced sugar ration and unless some adjustment was authorized many small bottlers would find it impossible to continue in business.

August 15.

Maximum prices on bituminous coal produced in the Maritimes advanced 33 cents per ton, the 33 cents to be set aside on every ton of coal and divided amongst mine workers in such proportion to each worker as may be decided upon between employees and employers.

August 17.

Cheese processors allowed to make an addition to the maximum price of cheese if the cheese is made in units of 45 pounds or less. Increases ranged from one-eighth cent per pound to one-half cent per pound. The revision brought cheese prices into line for all unit sizes.

August 17.

Ceiling price of canned pineapple pulp by importers to wholesale distributors, manufacturers and purveyors of meals allowed to increase on basis of mark-up calculated on current laid down cost rather than basic period cost. This item not intended to reach public directly.

August 25.

Donald Gordon warned that

So long as necessities are in short supply and so long as many thousands of people are greatly lacking in articles that have been off the market for the last few years, the removal of price control could not fail to touch off a sharp inflationary rise in prices.

At the same time Hon. J. L. Ilsley, Minister of Finance, said:

Speaking for the Government, there is no weakening in our determination to use all means at our command to protect the Canadian people from the disasters of postwar inflation.

September 1.

Subsidies no longer paid on certain grocery items. These had been given previously to manufacturers who had been held to maximum prices as of June, 1941, rather than the basic period maximums.

September 15.

Two per cent discount on footwear leather was removed and new tanners', jobbers', and leather leaders' maximum prices on footwear leather sold to a footwear manufacturer, whether jobber or dealer, established.

October 11.

One cent per pound increase in the wholesale maximum prices for pork and other fresh sausage, bologna, weiners and frankfurters granted. Retailers permitted to reflect in their prices any increases in cost due to the increase in wholesale maximum prices.

October 12

In his speech in Toronto, Donald Gordon said:—

When it comes to removal of price ceilings we shall have to experiment. Our present thinking is that we should start by tentatively removing ceilings on groups of comparatively unimportant articles when it appears likely that supplies are adequate and competition sufficient to prevent marked price advances. We intend to start with less significant groups, perhaps it will be feasible to begin soon after the turn of the year, because we cannot be sure of the consequences. Moreover, we shall keep a very close watching brief and if we prove to be mistaken and prices rise sharply, we shall be prepared to reimpose the appropriate ceilings. And I may add that we have a further reason for experimenting in decontrol in some fields, the reason being that the administrative effort in controlling the prices of some pretty insignificant items is very substantial.

November 22

Price ceilings for oranges stabilized in line with United States prices. U.S. ceilings had been lifted and Canada ceilings were pegged at November 15 U.S. prices. Board said it expected good supply of smaller size oranges, some of which would sell at slightly higher prices. On January 18, 1946, under the reinstatement of OPA ceiling prices, Canadian prices experienced a slight seasonal price drop.

December 3

Increases amount to $3\frac{1}{2}$ cents per pound allowed on imported new crop of California prunes and raisins. Higher price due to substantial increases in California prices since 1941.

December 15

Increase of one-sixteenth cent per pound announced in the price of various kinds of coloured cheddar cheese to cover the slight increases in production costs.

December 27

Cost of living during 1945 rose about 1 per cent during the 12-month period. Close to 150 supply controls were revoked during 1945. Out of the 300 or so which existed at the peak of the war effort only about 30 remain.

January 5, 1946

Because generally higher prices on poultry used for canning prevailed since meat rationing was reimposed, a price increase between 9 cents and 11 cents per pound for items such as canned chicken was allowed for products making up the bulk of canned poultry sales.

January 5

To offset the additional cost of broom corn through the removal of the import subsidy an increase in the consumer price of brooms was granted. The price of small brooms would increase about 28 cents and the larger types 42 cents.

January 9

Price of imported lemon juice revised, bringing the price to 14 cents and 15 cents for a tin of fluid ounces.

January 9

In order to implement the movement of lima and kidney beans into Canada from the United States, price ceilings were revised upwards.

An increase was granted to kitchen chair manufacturers and manufacturers of similar chairs to improve the drastic situation in that industry.

January 18

Retail ceiling prices on six different makes of cars announced, setting prices which on the lower priced cars were \$15 to \$25 per car above the 1941 level.

January 21

WPTB issued a statement on subsidy policy, announcing definite terms on which subsidy would be granted, and that for all other goods it would not be allowed.

January 21

Prices Board announced that goods from a given list of United Nations countries would be allowed to enter Canada on a cost plus minimum markup basis. This meant that various imported specialty goods would appear on the Canadian market at high or fairly high prices.

January 31

Donald Gordon's October 12 statement bears fruit with a Prices Board announcement of the first list of suspensions of certain goods and services from the price ceiling. This point marks the beginning of the first period in which the cost of living would rise 4 to 5 points. Many of the goods were luxury goods or unimportant items. 300 items were included on the list. Prices Board was prepared to put ceilings back in effect if it was found prices were going up.

February 6

An increase of 2 cents per gallon in the maximum prices of gasoline and certain other petroleum products sold in the prairie provinces was announced.

February 11

Ceiling prices of 1946 honey crop permitted to rise due to dropping of subsidy of 50 cents per pound paid on imported packaged bees during 1944 and 1945.

March 1

Subsidy payments to manufacturers on sales of jams and jellies discontinued. Selling prices adjusted accordingly amounting to a 4 cents on the standard 24-fluid ounce jars.

March 1

Cotton and wool subsidies removed or reduced. Cotton subsidies cut about one-third and subsidies on wool and worsted products eliminated or, in a number of cases, substantially reduced. The full effect of this would not be felt until later in the year. The basic price of all raw cotton was raised 4 cents per pound and cotton mills authorized to increase the ceiling price on all their products accordingly. WPTB says men's clothing, women's goods, etc., will not go up in price until fall of 1946, but that women's cotton and wool dresses will increase during late spring and summer months.

March 5

As a result of the removal or reduction of subsidy on textiles and leathers a new markup order adjusting maximum prices at the retail and wholesale levels was published. 335 items are covered in the order. Changes in consumer prices would be relatively minor, Board says.

March 6

The per ton subsidy paid by the Agricultural Food Board during 1945 on tomatoes, peas, corn, green and waxed beans for processing will not be paid on the 1946 crop, a joint Dominion Department of Agriculture and WPTB statement said. An increase in canners' maximum price ceilings will be announced later.

March 16

A further list of suspensions of goods and services from the price ceilings was announced, the list ranging through musical instruments, photographic supplies, woodenware, food items and many others.

March 30

To offset increased material costs a price increase was authorized of from 16 per cent to 25 per cent on certain types of bedding and furniture. This meant mattresses would go up 16 per cent to 25 per cent, pillows and comforters 25 per cent and studio couches 20 per cent.

March 29

In order to maintain relationship between domestic and export prices on pork, domestic wholesale price ceilings on pork carcasses and sides were increased $2\frac{1}{4}$ cents per pound, which would result in 1 cent to 4 cents per pound increase on retail cuts of pork.

March 30

After an examination of operation results in the pulp and paper industry, an upward adjustment in price ceilings averaging about 7 per cent at the producer level was allowed. The price adjustments would mean an increase ranging from 5 per cent to 10 per cent in manufacturers' prices for finished paper and paperboard, while converters would receive 5 per cent to 8 per cent more. Consumer level changes should be small, the Board said.

March 30

Upward price adjustments for primary Canadian steel mills, approximating \$5 per net ton of ingot produced, were announced. Increase due to return to peacetime production after enormous wartime output and to "unavoidable increases in costs".

March 30

The subsidy on imported Barbados molasses was reduced by two-thirds. Consumers will pay 4 cents per quart more.

March 25

Packers' prices for imported vegetable oil increased, but retail price was not affected.

March 30

Creamery butter prices increased as an incentive to greater production by 4 cents per pound.

April 2

To compensate manufacturers for the increased cost of fabrics as a result of the reduction of the cotton subsidy, ceiling prices of men's and boys' shirts, pajamas and flat cut underwear, have been increased up to 25 cents at the retail level.

April 3

Prices Board said that survey had shown "no significant changes and no unexpected increases in retail prices of goods and services suspended from price ceilings on February 1."

April 4

Bringing producers prices for maple syrup sold in bulk more in line with gallon container prices, an increase of 2 cents per pound in producers ceiling for bulk syrup was announced.

April 9

Following previously announced cancellation of subsidy payments for imported package bees, and adjustment of 1 cent to 1½ cents per pound in retail honey ceiling prices was made.

April 9

Price increase granted at the manufacturing, wholesale level for Canadian hardwood lumber, in an effort to provide a greater supply of the right grades and sizes of lumber for the flooring and furniture industries.

April 15

Ceiling prices for dairy butter and whey butter increased 4 cents per pound, following similar increase on creamery butter April 1.

April 13

Maximum retail price ceilings on Canadian-made farm machinery and parts increased $12\frac{1}{2}$ per cent. The reason—the industry could no longer meet “unavoidable cost increases without an upward adjustment in price to the consumer”.

April 15

An additional list of approximately a dozen categories announced, suspending goods and services from the ceiling. This time the list included such items as thermometers, caskets, surgical and dental instruments, cements, fertilizers, office supplies, some furniture items, additional foods and various household articles.

April 15

Price of men's and boys' work clothing was increased up to 25 cents at the retail level, following the reduction of the cotton subsidy.

April 18

Formal price ceilings on newsprint suspended with advances expected up to \$9, a ton, reflecting two increases granted earlier in the United States.

April 21

Consumer credit payments stretched from the 25th day of the month following to the 10th day of the second month following the purchase of goods.

April 25

Barley prices adjusted, resulting in a slight increase in most cases, of not more than 1 cent per pound to consumers.

April 30

Manufacturers of cotton felts and cotton frocks granted a price increase to offset the increased costs of raw materials.

May 1

Upward adjustments in prices of smoked Wiltshire side pork for Ships Stores was announced.

May 2

No ceilings will be imposed this year on fresh strawberries and raspberries.

May 3

Imported cotton goods prices adjusted so that on larger articles, such as cotton blankets, sheets, towels, wash cloths, diapers, handkerchiefs, men's shirts and pajamas, consumers will pay an increase not exceeding 25 cents per item.

May 7

Ceiling prices in Canada on the new crop of Australian currants and raisins raised 2 cents to 3 cents per pound at the import level.

May 11

Additions to the number of items already suspended, from maximum price ceiling regulations were announced. Added to the growing list were such items as dentifrices, herbs, more food items, phonograph records, carbon paper of all kinds, and other goods.

May 15

Maximum price regulations no longer apply to sales of root vegetables by shippers to any commercial processor.

May 16

Because of increases in American material prices during the last three or four years, manufacturers prices of certain types of metal beds and furniture were granted price increases granging from 10 per cent to $12\frac{1}{2}$ per cent.

May 20

Maximum prices for imported canned pineapple products and imported canned pineapple juice go up from 2 cents to 6 cents over basic period prices.

May 20

Corn syrup increased by approximately 2 cents per pound, corn starch by a similar amount and corn oil by slightly under 5 cents.

May 21

In answer to a letter urging retention of price control Donald Gordon said, "This Board, acting under Government policy, has not lifted price controls on the important items entering into family expenditures. It has authorized as few unavoidable price increases, which were in each case limited to the smallest amount that was practicable in the circumstances. It has also suspended a number of miscellaneous commodities from the provisions of price control. Where suspensions have been made, however, the principal ground has almost always been that serious price increase were not anticipated. We are making every effort to maintain effective price control and, generally speaking, we are being very careful about suspending commodities from provisions of price ceilings." Further on in the letter, Mr. Gordon said, "If we were to simply insist on holding to ceilings prices in all cases quite regardless of changed economic conditions, the result would, I am certain, be the breakdown of effective price control. There must be some flexibility in this period of transition if we are to make real progress toward our aim of a high and sustained level of production and employment."

May 27

Wholesale price ceilings on Red and Blue brands of beef suspended until July 20.

June 1

2 cents per quart subsidy on milk comes off, with consumer paying differences. Board says subsidy payments too expensive to maintain.

May 31

Imported fabrics and yarns increased in price at retail level not more than 7 cents per yard on woollen fabrics and 30 cents per yard on worsteds; and 5 cents per yard on knitting yarns.

May 29

Wooden and upholstered household furniture of all types increased in price at manufacturing level. Consumers will pay 7 per cent-13 per cent more. Increased production costs given as reason for increase.

APPENDIX C

Witness will be Mr. C. S. JACKSON

SUBMISSION

Setting out the wage and hour program and the causes underlying the present strike of 6,700 employees covered by this union at the Canadian Westinghouse Company Limited, Hamilton; Amalgamated Electric Corporation Limited, Toronto; Canada Wire and Cable Company Limited, Leaside; Electro-Metallurgical Company of Canada, Welland; Monarch Battery Manufacturing Company, Kingston, by the United Electrical, Radio and Machine Workers of America, District Five (Canada).

The Government witnesses before this committee have raised the question of inflation as most fundamental to Canadian economy and as the problem for all people, especially the workers. These witnesses have attempted (with Press support) to place the blame for the *present* inflation on the working people and at the same time use it as a club over those workers and their unions.

Inflation has been with us since before V-E Day. Inflation has been brought about by the Government of Canada—in support of the demands of big business—against the interests of the Canadian public generally.

Proofs:—

1. Cost of living bonus incorporated in wage rates thus helping to aid business in taking brakes off price rises and thereby reducing purchasing power at very time when bonus could have acted as compensation (in terms of purchasing power) for reducing weekly wages, i.e., lower hours, elimination of overtime, etc., i.e., Government thus aided inflation.
2. Government released ceilings on hundreds of items of production—removed excise (luxury or war tax) of 25 per cent on many household appliances, cars, etc., but left it in the price for producer's benefit.
3. Government continued to speed inflation by removal of subsidies on many items of common need: butter, etc.
4. Government continued elimination price control and agreed to price rises—\$5 a ton, steel; \$9 a ton, paper, 30 per cent on wiring devices and hundreds of other products of common use, direct or indirect as far as ultimate consumer concerned.
5. Prices rose rapidly but wage increases withheld by Government action through War Labour Boards. As of to-day—except in unorganized shops or where weaknesses could be found within a union—and yet Government argues that prices rose or rise because of wage increases—virtually no wage increases of any magnitude since prices started their main upward swing.
6. Therefore Government stands as agent of inflation. Government supports employers holding line against wage increases needed to even hold position with prices. Therefore Government and employers stand exposed as combining to put over inflation and blame it on workers who have consistently fought against inflation and to-day are merely trying to catch up on the inflation that is already here.

7. Therefore Government must stop its sell out to employer interests—protect Canadian people against inflation. Grant adequate (in full demands) wages to workers—hold price control, settle strikes by meeting modest demands of Canadian workers, protect Canadian people against rapacious greed of corporations, enforce public responsibility on Canadian owners of business, end sit down strike of big business against Canadian people and thus get products onto market which have been withheld from market as pressure on Government for price relief and corporation relief on taxes.
8. This Industrial Relations Committee should immediately recognize that as each day of deliberation goes by 50,000 workers remain virtually locked out—employers hold the gun of no production over head of Canadian people and add to inflationary pressure in their own interests and charge cost of these “strikes” to the Canadian government (people) through the medium of reducing Excess Profits Taxes payable to the government for the tax year 1946.

The Industrial Relations Committee therefore should immediately report to the House of Commons and thereby demand of government that the conspiracy of Big Business against the people be ended—inflation brought under control by stiffening Price Control—that labours' modest demands be immediately met—with full government support for termination of strikes on bases of labours legitimate demands of maintaining as a minimum its wartime take home pay—which wartime take home pay was paid under conditions of annually increasing profits to the employing interests—

This Brief is presented by the United Electrical, Radio and Machine Workers of America, an affiliate of the Canadian Congress of Labour and of the CIO, on behalf of 20,000 Canadian workers for whom this union is the certified bargaining agency. 6,700 of these workers are now on strike as a result of the refusal of their employers to adequately meet the wage and hour needs presented by these workers to their companies.

The 6,700 workers on strike are made up of 3,500 Canadian Westinghouse workers in Hamilton, 1,200 Canada Wire and Cable workers in Leaside, 700 Amalgamated Electric workers, Toronto, 1,300 Electro-Metallurgical workers in Welland, and 60 Monarch Battery workers in Kingston.

These workers, members of this union, through their discussions in various local meetings and meetings of the Canadian District of this union, held quarterly, have for the past several months become increasingly convinced of the existence of a full-blown conspiracy on the part of Canadian manufacturers against the Canadian people.

This conspiracy has several facets but is designed in the main to place the full cost of the war and the cost of reconversion on the Canadian people while the corporations proceed apace to garner in ever expanding profits.

By virtue of such a conspiracy, all the so-called risk of investment of private enterprise is removed from the owing interests and carried on the shoulders of the people.

In order to achieve this end, the owning interests have consistently pressured the Government for upward revision in prices with a view to an early elimination of controls of all kinds. They have likewise lobbied extensively, and with some measure of success, to bring about the reduction of taxes on corporate income and the elimination of the excess profits tax.

They have agreed, in combination each with the other, initially to oppose any upward movement of wages. On this front they have bit by bit been forced to retreat but decided that 10 cents an hour was the maximum extent to which they would go in permitting general upward adjustments in wages, and that, only if they were successful in achieving prior substantial increases in prices and reduction in taxation.

There has been a growing suspicion among the working people over a period of the last several months that the employing interests have utilized a further weapon, namely, the sitdown strike on production, as a means towards securing the above mentioned benefits of price increase, tax reduction, and ceilings on wages.

Support for this suspicion was given only a few days ago by Mr. Donald Gordon when, in the course of his presentation before the House Committee, he admitted that many companies had thrown out the threat of refusing to produce as a means of securing higher prices for their commodities.

Even without Mr. Gordon's statement and looking back over the past several months' production records and allowing for the impact of strikes in the United States, there still remains ample evidence of a holdback from the market of many materials awaiting price increases, or, in some cases, awaiting the end of the financial year of the company before releasing goods on the market.

In April of this year, the Canadian Congress of Labour in its Brief to the Government, urged the Government to undertake an immediate investigation into the shortage of many consumer items, and suggested that such investigation be conducted with a view to ascertaining the extent to which companies were holding down production and warehousing finished materials as a means of pressuring the Government for further price increases.

Almost the whole of Mr. Gordon's presentation before the Committee is proof of the fact that the employers have been refusing to go into full production and that the Wartime Prices and Trade Board has gone along with them in this manoeuvre by granting price increases on the basis of guaranteeing to the corporations, as a minimum, the retention of their war profit position.

It is in this direction that we must look for the cause of the strikes of the 50,000 workers in key industries in Canada to-day. In the opinion of the membership of this union the strike situation can be summed up as a sit-down strike on the part of employers against the payment of more than 10 cents an hour increase in wages, supported in that sitdown strike by the Wartime Prices and Trade Board and the Department of Labour. The financial loss to the companies will in the greater part be borne by the Government in the form of reduced excess profits taxes, leaving the companies' net profits relatively untouched.

How else can one account for the fact that with the 50,000 workers on strike only in one section, involving less than 5,000 of those 50,000 is there any of the expected attributes of a strike situation while in all other parts of the strike front, involving the other 45,000, to all intents and purposes the plants are closed down and locked up by the employers.

The argument advanced by the Department of Labour and the Wartime Prices and Trade Board that wage increases are inflationary and that a general wage increase of more than 10 cents would be of such a dangerously inflationary character as to be chaotic, coupled with the statement on the part of Mr. Gordon that if more than 10 cents were to be given he would not personally be able to continue as price controller in Canada, must be viewed as an attempt to trade upon the good job which was done on price control during the war by threatening the removal of price control completely if labour is granted a decent increase in wages.

We recognize that these are strong views, but there is no other conclusion which we as working people can draw in the face of what is obviously more than just mere coincidence, namely, the identical positions taken by every employer with whom we have had dealings and the position taken by the Wartime Prices and Trade Board and the Department of Labour.

In passing, may we just comment that of all the departments of government, the Department of Labour is the only one which operates on the principle of being against that for which it is obviously set up to protect. The Department of Commerce advances the interests of trade and commerce, the Department of Labour does NOT advance the interests of labour.

The question before the country to-day, raised sharply by these 50,000 workers on strike, is whether or not the interests of the few, namely, the corporations, are to be placed ahead of the interests of the rest of the Canadian people.

Labour recognizes that it is living under a profit system, but insists that there is a public responsibility on the part of those who draw profit from the operation of industries on which the economy and the welfare of the people is dependent. High up in the order of precedence, therefore, should be a decent wage and a decent standard of living for the Canadian people. That can be secured while at the same time granting a fair profit to the owners of industry.

We repeat that the reverse, namely, high profits for the few and low income for the many, is the principle on which the owning interests, and at least two important departments of government, are operating. Only if we accept the principle of inviolate maximum profits can we conclude that a wage increase necessitates a price increase, and even then, one can prove a proportional relationship between a labour cost increase and a price increase.

It is because of these convictions that our union, together with other unions in the Canadian Congress of Labour, must place the full responsibility for the settlement of these strikes on the shoulders of the Government. It is now the responsibility of the Government in carrying out its obligations to the Canadian people to recognize by both word and deed the justness of the demands of the Canadian working people and to insist that the owning interests get on with the production which this country so sorely needs and to which the working people have always been anxious and willing to make their contributions, and to do so under conditions which satisfy the needs of those workers in terms of a decent standard of living.

At the same time, it will remain the responsibility of the Government to maintain adequate price control at least until all goods are in adequate supply. It is obvious that in some fields, particularly housing, that a position of adequate supply is a long way off and that controls in respect of rent may have to be retained long after the need for price control is eliminated on most other items of consumer needs.

The UE

As was pointed out in the opening sentence of this Brief, our union, the United Electrical, Radio and Machine Workers of America, known more popularly as the UE, is an international union with membership in both Canada and the United States. We have close to a thousand contracts with companies in Canada and the United States covering approximately three-quarters of a million workers. We are the third largest union in the CIO.

Our union has had national agreements with the General Electric and Westinghouse companies in the United States for several years, embracing virtually every production employee and a large percentage of the office and salaried employees of these companies. From 1937 until 1946 no strikes occurred in either of these companies.

Most of the Canadian companies with whom we have bargaining relations are subsidiaries of American companies under contract with this union, yet we seldom find the same degree of harmonious relationship with the Canadian section of these companies as has been established between the American parent company and this union. And wage rates in the Canadian plants run about 50 per cent below those of the American plants.

Our union is a democratic organization, constituted and directed with a view to ensuring the maximum participation of the rank and file membership in all decisions, policies and actions of this union.

In view of the fact that Mr. Justice Roach, appearing before the Industrial Relations Committee in the House of Commons, chose to charge the steelworkers, and by implication and inference, all other unions, with undemocratic conduct in the affairs of their union and in important decisions such as strike action, we are outlining in this Brief the procedures that are adopted in our union to ensure rank and file control.

We are filing with this Brief a copy of the Constitution of this International union, together with a Constitution of the Canadian District, known as District Five. You will note that there are three general officers of this International union who are elected at the annual conventions but who, along with all other officials of this union, are limited in their salaries to an amount not exceeding the highest paid to a worker in the industry.

The General Executive Board of this International union is composed of two elected representatives from each of the ten geographical districts of the union. Each District in its annual convention elects a District President who automatically, by reason of that office, is a Vice-President of the International.

The District conventions also elect a full executive, and the Secretary of the District by virtue of that office becomes a Board member of the International Executive Board. Thus we have direct representation from each of the Districts to the central organization. None of the members of the International Executive Board, with the exception of the three top officers, are on the payroll of the International.

Each District is completely autonomous, and more particularly is that the case in District Five, Canada. There is no interference or dictation by the Executive Board or the officers as to the policy and program of this District. The policies and programs of this District are established by the membership through quarterly District Council meetings, to which each local has proportional representation.

The Constitution of our union specifically prohibits any discrimination with regard to membership or office on the basis of age, sex, creed, colour, race or political belief. The membership is provided with detailed financial statements, both from the International and from the District. The International office issues a detailed monthly financial statement, audited quarterly, and in addition each local receives from the District quarterly audited reports showing income and expenditures of the District in detail.

All officers and elected officials of this union are subject to recall during the term of their office on the basis of a referendum vote of the membership which elected them.

In the handling of the negotiations and in the making of decisions with regard to acceptance or non-acceptance of the company proposals in the course of negotiations, this union is committed to full discussion, decision and ratification by the membership concerned before any acceptance, rejection or strike action is undertaken.

In each of the five situations now on strike, the following general procedure has been adopted. First, the draft proposals to be presented to management are drawn up by the local committee, usually assisted by a District Representative, and presented to the membership for ratification prior to being presented to the company. At different stages in the course of negotiations interim reports on the progress of the negotiations are made to the membership at called or regular meetings. Before any agreement can be recognized by this union, a duly called membership meeting must discuss and ratify such an agreement.

Where it appears that strike action may be necessary, a strike vote is ordered by a membership meeting, and in taking the strike vote, all employees coming within the bargaining unit—whether members of the union or not—are polled by secret ballot. You will note the results of such balloting in each of the specific cases as filed in the Appendices to this Brief.

Following on the taking of strike votes, in which all employees participate, further attempts at negotiations are proceeded with and further reports made to the membership prior to implementation of strike vote decisions. The actual decision to take strike action is not made solely on the basis of the strike vote, but is referred to a further membership meeting where the final decision on action is taken.

During the past few months, in the course of negotiating new agreements in this industry, we have been faced by the attempts of companies to subvert the democratic processes of this union in an attempt to stampede workers into acceptance of low offers without the benefit of full discussion on those offers.

We believe that our constitution and procedure is correct and democratic and that it gives full opportunity for all those affected by union decisions to participate in the making of those decisions.

Government Boards

During the hearings on the steel case before the Industrial Relations Committee many questions were raised as to the reasons why the unions have failed to make full use of Government Boards and Procedures relative to settling industrial disputes on issues of collective bargaining and/or wages.

Our union, as well as all other unions, has had considerable experience with various government boards. During the war period when employers were a little more constrained by a sense of public responsibility, and assured of maximum profits by the Government, it was possible to secure some settlement of disputes through the process of conciliation and mediation. And labour, anxious to play its part in the winning of victory, accepted the decisions of War Labour Boards on wage matters, although at the same time having many legitimate objections to the methods of operation and the policies enunciated by the Government for such Boards.

Following on the end of the war, and in fact even before V-J Day, there was a noticeable change on the part of the employers in their attitude towards recommendations of Boards of Conciliation, and in the place of acceptance of such recommendations, instance after instance occurred where the employer not only would not be guided by the recommendation but would state in advance of an application for a Board, that he had no intention of abiding by the recommendations of the Board when given.

With the Boards put in such contempt by the employers, there was little to be gained by the unions in seeking to settle their disputes through this medium, particularly in view of the fact that the time taken up by Board hearings often constituted just the type of delay which the employer wanted in order to institute various forms of anti-union activities in his plant.

With regard to the War Labour Boards following on V-J Day, it became increasingly evident that the only type of submissions which would receive any full approval or sanction by the Boards, were those presented as joint employer-union submissions or as single employer submissions. After many attempts on the part of unions to succeed on single submissions opposed by employers, the unions were forced to conclude that the War Labour Boards would not take an unbiased position on these matters.

It should also be remembered that the Boards were still operating under a very restrictive order in council, which made it necessary to prove "gross inequality" and "gross injustice" as a basis of a wage claim during a period when workers were being faced with drastic reductions in their take-home pay

by the reduction of the hours of work and the elimination of overtime and arising out of wholesale transfers from war work to peacetime work, with substantial reductions in the hourly rate of pay. Coupled with this were many instances of attempts on the part of employers to reduce the incentive rates on many jobs.

With such a situation confronting them, it is not at all surprising that the workers through their unions called repeatedly on the Government to recognize that its restrictive order in council served as a club over the workers and an aid to the employers in cutting wages.

After many attempts to secure some adjustments in the wage order and improvements in the operations of the Boards, where delays of seven to ten months in the handling of a wage case were quite frequent, the position of the labour unions was summarized in the Brief of the Canadian Congress of Labour to the Federal Government in April of this year, calling for the abolition of the War Labour Boards.

An agreement was reached among the Canadian Congress of Labour unions that to the extent possible the War Labour Boards should be ignored and genuine collective bargaining established on wages.

There was a strong echo of the employers' cry for all wage matters to be handled by the Boards in every Department of Labour release.

Even after the order in council governing the policy of the War Labour Boards had been changed and the basis of reference made "just and reasonable", there was still an accumulation of evidence that Boards were only prepared to consider a general wage increase if an employer singly, or an employer, jointly with the union made the application, and then only if the amount was below 10c. an hour.

Labour's demand being far in excess of 10c. an hour, it is self-evident that there was nothing to be gained by going before the Boards and giving them the opportunity to turn down the request of the union or drag it out interminably and thus aid the employer in his position of holding the line at 10c. or less.

The Electrical Industry

Dealing with the specific problems in our industry, we have to first point out that the industry is of a varied character, with a wide range of products. Some companies specialize in one or two end products. Others, such as the General Electric and Westinghouse companies, manufacture a very wide variety of products ranging from heavy industrial equipment to medium and small household appliances.

As is the case for most industries in Canada, there is very little statistical information available on which to base a full proof of all of the assertions which labour has made in protecting its own interests.

This is particularly true in the field of price relief. On many occasions we have written to the Wartime Prices and Trade Board asking them to supply this union with a full list of the new ceilings permitted on various types of commodities produced in the plants in which this union is the recognized bargaining agency. We have not been able to get any information of value in this regard. What information we do have has been gleaned from the columns of the press.

Specifically, we know that the special tax of 25 per cent which was applied on all household appliances as a brake on consumer demand for such items during the war, was lifted insofar as the manufacturers were concerned. That is to say, the consumer price still included the 25 per cent and the manufacturers were thereby granted a 25 per cent increase in their return on such products. General increases ranging from 25 to 35 per cent have been granted in so far as we can learn on virtually every item of production in this electrical apparatus and supply field.

On the question of ability to pay which is raised from time to time in discussions on wage matters, it is the position of this union that it is a factor in wage negotiations but is not necessarily the determining factor, particularly where low wages exist and are rationalized on the basis of a low profit. In such cases the whole question of efficient administration must be taken into consideration, and we as a union, operating in the interests of our members, and by that token, in the interests of the public, takes the position that there are no sets of conditions which justify the payment of low wages in a country as abundant in its resources, ingenuity and skill such as Canada. We have amply demonstrated our abilities in this regard during the war period and have set records unsurpassed by any other country.

Most of the companies in our industry, particularly the larger ones, have enjoyed bounteous years during the war period. Almost all of them have added to their plant and equipment at no cost to themselves, either by direct gifts from the Government of plant and equipment through the medium of amortization or increased depreciation, or through the sale of Government built and owned plants to these corporations at prices 50 per cent and more below the original cost of construction and equipment. Such items, however, do not appear in very sharp focus on the balance sheets of these companies.

Despite inflated capital investment figures, rate of profit return has more than maintained itself during the war years. High excess profits taxes have been paid in most instances and these companies stand to make substantial increases in their profit returns amounting, in some cases, to double their present profits if and when the excess profits tax is completely eliminated.

It is difficult to secure figures of total sales and total volume of production in these plants, and for that reason it is not possible to give any accurate evaluation of the increased productivity per worker. With the rapid growth of operating profits, and profits before taxation, and the amount of excess profits taxes paid, we get a pretty clear indication that there has been a considerable increase in productivity per worker in the plants.

It is the contention of this union that in most of these companies, particularly the larger ones, that they could pay the 25 cents an hour increase in wages and reduce the hours of work to 40, as proposed by this union, with little or no impact on their net profit position. The excess profits tax, based on a reduced operating profit after the increase in wages, would absorb virtually the whole of the wage demand.

It should be borne in mind, also, that there have been two reductions in excess profits tax and one reduction in the corporation tax already granted by this Government since V-J Day. Yet these same companies are part of the whole combine of the owning interests throughout this country who are holding wages down and who, through higher prices and elimination of taxes, are grabbing for those millions of dollars which they were paying in excess profits taxes during the war, and for any additional millions they can put their hands on through price increases, while at the same time speeding up the workers in the plants without any compensation for the extra energy and efforts which they are calling for.

We cite a few figures for Westinghouse to prove some of the above contentions. This company's net earnings before depreciation and taxes, rose from \$1,474,206 in 1939 to a high of \$7,864,781 in 1942, and stood at \$3,650,729 in 1945. The employment in this plant in 1945 was not very much different from that of 1939 or 1942. The net profit rose from \$829,175 in 1939 to \$1,446,155 in 1945 (which does not include \$95,000 refundable portion of the excess profits tax). The surplus account of this company has risen in the same period from \$6,426,766 to \$8,912,567 in the same period. In 1945 the company paid taxes of \$1,380,000.

This company, on the basis of its 1945 profit and because of the incidence of excess profits tax, could pay an increase of 25 cents an hour to all of its production workers, which increase would amount to a little better than one million dollars a year payroll cost, and would still leave this company with a profit of approximately \$1,150,000 as compared to the profit shown of \$1,446,155 in 1945. That is to say, they could pay the 25 cents an hour increase at a total impact on their net profits of approximately \$300,000 or one-third of the amount of the increase.

It is well known that starting with January 1, 1947, the excess profits tax and corporation tax will be further reduced, and using the 1945 profit figure as a base and the 1947 tax rate, the company's profit figure would be approximately \$1,375,000 after paying the 25 cents an hour increase, or \$100,000 net cost to the company.

We would like to underscore at this point the fact that the Government is virtually subsidizing the shutdown of many of these plants. In other words, is assisting the employers in carrying on their strikes. We arrive at this conclusion on the basis of the leeway that the company has in its profit position in terms of what they would pay in excess profits taxes, even under the reduced tax percentages, if they were operating instead of being on strike.

This factor undoubtedly had something to do with the company's decision to say 8 cents an hour increase or strike. It also, of course, constitutes further pressure on the Government, first to hold the line at 10 cents, and second to eliminate the excess profits tax.

In connection with this same company and the dispute between the union and the company which brought about the present strike, it should be noted that this company was working a 44 hour week before the war and increased its workweek to 50 hours, with time and a half after 44. In other words, 53 hours' pay per week per employee.

Shortly after V-J Day, the company began to reduce the hours of work back to 44 per week, with the result that the employees lost nine hours' pay per week at a time when the cost of living was considerably higher than it was before the war, and beginning to rise rapidly.

Around about that time, the union applied to the Regional War Labour Board for \$1.00 a day increase in pay to compensate for this reduction in hours of work and to meet the rising cost of living. After over six months of waiting the union's request was turned down by the Board.

We are prepared to file with this Committee specific instances where workers have received direct cuts in pay in this plant during the past six months. There are other instances where there has been an increase in work load—that is, speed up—without any compensation in relation to pay for many of the workers in this plant. There are also instances of petty chiselling in connection with veterans returning from war service.

Clearcut cases of each of the above can be handled with some measure of success through the grievance procedure under the collective bargaining agreement, but this agreement expired on July 14th because of the fact that in 1945 the company refused to sign an agreement for more than one year. It is interesting to note that the company refused to write a no-strike clause in the agreement in 1945 but insisted on having a no-strike clause in any new agreement to be signed in 1946.

Similar though not identical pictures could be given of the other plants on strike at the present time. They all serve to prove that there has been a definite determination on the part of these companies to utilize the confused reconversion situation in Canada as a means of exploiting for their own self-interest their own workers and the people of Canada, and that they have found either willing, or unwitting, agents in the Department of Labour in support of their cause.

APPENDIX A

The Canadian Westinghouse Company, employing approximately 4,000 workers in its two plants in Hamilton and having some 3,500 employees eligible for membership in this union, has been on strike since the morning of July 5. The decision to take strike action was made at a membership meeting held in the auditorium of the Technical School in Hamilton on Thursday night, July 4. The decision was by ballot with the following results—For strike action 831—Against strike action 311.

This meeting came after a strike ballot had been taken on June 17, 18 and 19, which ballot was available to all employees of the Westinghouse Company who come within the bargaining unit. There were 3,573 people eligible to vote and 2,831 voted Yes, with 630 voting No. The ballot read—"I authorize the Executive Committee of Local 504, United Electrical, Radio and Machine Workers of America, to call a strike if and when they deem it necessary."

Following on this strike vote, which had been taken after the company had offered a general wage increase of 7½c. an hour, further negotiations were held with the company.

On June 26, the company improved its offer to 8c. an hour general wage increase, brought vacations down to two weeks after five years, agreed to a voluntary revocable checkoff, and two paid statutory holidays. This last offer was taken to two meetings held on July 2 and July 4, at which the offer was rejected, and on the basis of that rejection, strike action was decided upon at the meeting of July 4.

We feel that the members of this Committee should have some understanding of the background of relations between this union and the Canadian Westinghouse Company. In 1937, in the first year of the existence of the United Electrical, Radio and Machine Workers of America, both in Canada and the United States, many Westinghouse plants in the United States were organized. Organizational activities took place at the Hamilton plants of this company.

Organization proceeded during the next several years without consummation in a collective agreement in the Canadian plants. In that period of time, Boards of Conciliation were resorted to without success, and on December 28, 1943 an application was made to the Ontario Labour Court for certification. Several months elapsed while this matter was before the Labour Court, with the company putting every legal obstacle in the way of recognition of the union.

Finally, on June 16, 1944 a certification order was issued by the Ontario Labour Court.

Negotiations with this company did not get under way until August, 1944, because of further attempts on the part of the company to evade its responsibility under the certification order. Negotiations proceeded during the months of August, September and October.

Up until November 2, 1944, it was apparent that the company had no intention of entering into an agreement in good faith. Further delays took place and the Board did not sit until March 16.

The Board's report, published on May 17, 1945, was a unanimous one dealing with all of the phases of a collective bargaining agreement. Mr. J. J. Robinette, Counsel for this House Committee, was the employer's representative on that Board.

Finally, on July 14, 1945, following on further meetings with the company and many compromises on the part of the union away from the unanimous Board report, an agreement was signed.

Following on the reduction of the working hours from 50 to 44 hours per week, which carried with it a reduction in weekly wages from 53 hours' pay to 44 hours' pay, an application was made by this union to the Ontario Regional

War Labour Board, calling for a number of economic improvements, and specifically, a general increase of \$1.00 a day to compensate for the loss in weekly take-home pay and to meet the rising cost of living. The Ontario Regional War Labour Board turned down the request of the union on all major points.

On May 15, 1946, under the terms of the agreement, the union filed a request for modification of the agreement—which was a one year agreement, terminating July 13, 1946. Included in the request for modification was a request for the institution of a 40 hour work week, 25c. an hour increase in wages, together with improvements in vacations with pay to one week after one year—then in practice—two weeks after three years, and three weeks after ten years, payment for statutory holidays not worked, introduction of a shift bonus of 5c. an hour on the second shift and 10c. an hour on the third shift, payment of 12 days' sick leave pay in each year, cumulative if not used in a given year, and union shop and compulsory checkoff provisions.

The union and the company met on May 27 for the purpose of negotiating on the union's proposals. The company was represented by Mr. Pyle of the Central Ontario Institute of Industrial Relations. No offer was made by the company in that first meeting.

On June 3 at a further negotiating meeting, following on an offer from the Canadian General Electric Company for a reduction in the hours of work from 48 to 44 with 48 hours' pay plus 2c. an hour general wage increase, two paid statutory holidays and a voluntary revocable checkoff (the Canadian General Electric Company had already been paying vacations on the basis of two weeks after five years), the Canadian Westinghouse Company offered 7½c. an hour general wage increase but rejected all other proposals of the union.

The strike vote on June 17, 18, and 19 was based on the company's offer of June 3 and constituted an overwhelming rejection of that offer by the Westinghouse workers, union and non-union alike.

On June 26 a further meeting was held with the company for the purpose of negotiations, at which time the company offered to increase the general wage offer from 7½ cents to 8 cents an hour, together with two paid statutory holidays, two weeks vacation after five years, revocable checkoff, and a 5 cent shift bonus.

Between June 26 and July 2 the company circularized its employees informing them of their offer. On July 2 a mass membership meeting of Local 504 of the UE was called in the Technical School in Hamilton, with some 1,200 union members attending. At that meeting no final decision was made owing to the fact that a number of conflicting motions were on the floor and there was not sufficient clarity as to what was the meaning of the motion that was voted upon. The meeting closed with the decision to hold a further meeting on July 4. At the July 4 meeting, nearly 1,200 union members of the Westinghouse plants jammed the Technical School Auditorium. A ballot was prepared, moved and adopted, with the understanding that a rejection of the company's offer constituted instructions to exercise the strike vote taken on June 17, 18 and 19. Results of that vote were—831 for strike action, 311 against, and a strike was declared, effective the following morning at 6.30 a.m.

It should be pointed out to the Committee that the average Westinghouse worker following on VE-Day had a pay loss of 9 hours per week owing to the reduction of hours of work. The average paid wage in this plant in December, 1945, according to the company's own figures, was 75 cents an hour. This meant an average loss of \$6.75 a week to the employees of the Westinghouse Company.

During the period from April 1, 1945, to June 1, 1946—a period which approximates that during which the reduced work week was put into effect, the cost of living, according to the Toronto Welfare Council's budget, went up \$2.03

a week for the average family of five. This meant that the average Westinghouse worker was confronted with a reduction in real wages of 9 hours' pay plus \$2.03 a week, which averages out to \$8.78 a week.

The union's request for the introduction of a 40-hour week and 25 cents an hour increase in pay would give to the Westinghouse workers an increase in weekly pay over their present pay, of an average of \$7.00. Thus, if the union's proposals were met, the average Westinghouse worker would still find himself or herself short \$1.78 a week from the pay which they had been accustomed to getting during the war years.

On the other side of the picture, referred to in the major section of this Brief, the Westinghouse shareholders have been well taken care of. The latest figures available for this company are for the year 1945. In that year, the net earnings of the company, before depreciation and taxes, were \$3,650,729 as against \$1,474,206 in 1939. Taxes paid in the year 1945 amounted to \$1,380,000; net profit was \$1,446,155, which compares with \$829,175 in 1939.

In the year 1946, as a result of the Government's budget covering the tax year of 1946, excess profits taxes have been reduced to 60 per cent. In the budget which was brought down in the month of June, 1946 affecting the 1947 earnings of the company, the excess profits tax has been further reduced and the corporation tax likewise reduced, with the result that in the year 1946 substantial savings will be made to the company, as shown elsewhere in our Brief, which would be sufficient to meet approximately 75 per cent of the full rates in effect, 90 per cent of the employees' demands could be met without impairing the profit position of the company.

In addition, as mentioned generally in this Brief, this company has received substantial assistance from the Government in the form of price increases on virtually all of its commodities.

The history of the financial development of this company is an exceedingly bounteous one. We are attaching to this Appendix (Exhibit 1), a summary of the capital development and returns on investments to shareholders of this corporation.

It should also be known to this committee that the Westinghouse Company in the United States, under contract with this same union, has recently signed an agreement establishing 18 cents an hour increase in hourly rates and a special fund of 1 cent per hour per employee to be used to increase rates of females with a view to eliminating sex differentials in this company.

The present minimum hiring rates in this company in the United States are 80 cents an hour regardless of sex, with automatic increases spread over a year, bringing a minimum job rate up to the maximum of the rate paid for the particular job. No person in the Westinghouse Company in the United States, after one month of employment with the company, will receive less than 90 cents an hour.

Compare this with the Canadian Westinghouse in Hamilton, where the minimum starting rate for females is 38 cents an hour and a minimum starting rate for men of 60 cents an hour, with boys hired at lower figures.

Referring to a statement published in the *Journal of Commerce and Commercial*, New York, the comparison between Canadian and American manufacturing results of costs in comparable lines indicates a difference in productivity per worker of 10 per cent, with a higher productivity in the American plants, as contrasted to a differential of 50 per cent in wages paid for comparable occupations. This can be shown in a comparison of almost any occupational rate in the Canadian Westinghouse plants and the Westinghouse plants in the United States. In fact, some materials produced by this company in Canada at a reduced rate of pay, are shipped to the American company for finishing operations paid at almost double the rate, and shipped back here into Canada again for sale.

We would draw the attention of the committee to the fact mentioned above, that the company was represented in the negotiations by the Central Ontario Institute of Industrial Relations, the President of which Institute is Mr. H. M. Turner of the Canadian General Electric Company, and that there is a definite and clearcut undertaking on the part of these two corporations—and others in this and other industries—to deal with the matter of wages not on the basis of collective bargaining between the given employer and his employees, but on the basis of a common agreement among the employers to force their workers out on strike as an alternative to accepting a figure less than half what the workers are asking for in the way of wage increases.

It has been evident for some time that the Canadian Westinghouse Company, and other companies in this industry, are attempting to force their workers out on the streets in the hope of destroying the unions which these workers have formed.

APPENDIX B

At the Amalgamated Electric Corporation Limited, a strike took place on Monday, July 8th, involving approximately 700 workers within the bargaining unit. The decision to take strike action arose out of the failure on the part of the company to make a reasonable offer on the union's proposals for 25 cents an hour wage increase and the 40-hour work week, together with improved vacations, payment for statutory holidays, shift bonus, sick leave pay and union security.

The strike vote was taken over three days—from May 8th to 10th inclusive, and every employee within the bargaining unit was given an opportunity to vote on the question as follows:

In the event that the Amalgamated Electric Corporation Limited fails to meet the wage demand of 25 cents an hour as advanced by Local 514 of the United Electrical, Radio and Machine Workers of America, are you in favour of authorizing the Stewards Council to declare a strike?

Out of 648 employees eligible, 557 voted Yes and 90 voted No.

Following on the strike vote, the committee met again with management and management made an offer of 10 per cent increase in wages and a reduction in the work week from 48 to 40. They also offered to institute vacations with pay on the basis of one week after one year, which was already in practice, and two weeks after five years. This was the first offer of any substance made by this company in the course of negotiations, which had extended over a period from September 11, 1945, to July 8, 1946. This company has been under contract with this union since October 18, 1943.

After the company's offer, which was made following on the strike vote, three or four meetings were held to discuss the company's proposals, and in the latter part of June at a membership meeting, by open vote, the company's offer, as set out above, was rejected and the stewards body was instructed to set up a strike committee and to call a strike at its discretion.

A meeting of the stewards took place on Friday, July 5th, at which the decision to take strike action on Monday at 6 a.m. was made.

The Amalgamated Electric Corporation Limited is a subsidiary of the Northern Electric Company, which in turn is controlled by the Western Electric Company in the United States. This company has enjoyed an increasingly profitable position over the past several years. Total income before taxes and depreciation allowances has increased from \$107,522 in 1939 to \$251,575 in 1945. Net profit has increased from \$56,515 to \$94,002 over the same period of time. The surplus account has increased from \$56,515 in 1939 to \$361,091 in 1945.

Despite the fact that this company argued against the reduction of the work week from 48 to 40 hours in the many long months of fruitless negotiations,

the company has been working a 40-hour week for the past many weeks. While it is true that the reason for the shorter work week to-day is in part due to the shortage of materials, still the workers involved in this plant have suffered a reduction in take-home pay of 8 hours per week.

The union's request for a 25 cents an hour increase in wages would add \$10.00 a week to the weekly pay of the workers on a 40-hour work week basis, but in view of the loss of 8 hours' pay, which approximates \$6.00 a week for the average worker in that plant, and the rising cost of living of \$2.03 per week over the past year, the workers in this plant would still be very little ahead of what they were earning a year ago.

The Amalgamated Electric Corporation also has very close relations with the Central Ontario Institute of Industrial Relations, and this company has had a representative on the Ontario Regional War Labour Board for extended periods in the past two years, being represented at the present time on that Regional War Labour Board by its General Manager, Mr. A. W. Findlow.

Throughout the negotiations with this company there was constant evidence of a working agreement between this company and the other electrical companies with regard to the wage and hour pattern which they were prepared to meet, and likewise an evident intention to force negotiations in the direction of strike action rather than make a reasonable offer on the union's proposals.

APPENDIX C

The Canada Wire and Cable Company Limited employs approximately 1,200 people in the bargaining unit. These employees have been on strike since Tuesday morning, July 9.

The UE was certified by the Ontario Labour Relations Board on January 9, 1946. The company and the union commenced negotiations on January 31, 1946. During the subsequent seven months a number of negotiating meetings were held but very little progress was made toward the consummation of a collective bargaining agreement. Even on such common matters as grievance procedure, there was an evident determination on the part of the company to deny their workers what was already an established practice throughout the industry, and pretty well throughout Canada, in terms of recognition of the union and methods of operation and relationship involved in a collective agreement.

It should be noted here that the company was adamant in its refusal to carry into practice with this union many principles and promises made to its employees through an employee representation plan—or company union—as it is better known. This company union set-up had been in operation in the plant for some three or four years and was established initially in order to head off an organizing drive of this union in 1939.

This attitude on the part of the company was even more amazing in view of the fact that the company had close relations with the Central Ontario Institute of Industrial Relations, which Institute had already, as a matter of formula for virtually all of its companies, established procedures of grievance handling and the terms of recognition superior in every respect to the contract which the Canada Wire and Cable Company offered to this union.

The company would make no wage offer during the first six months of negotiations, and only on June 28, 1946, following on the strike vote taken on May 20, 21 and 22, did it make any concrete wage and hour offer. Their offer at that time was a 10 per cent increase in the hourly rates of pay with a reduction in the work week from approximately 48 to 40 hours, conditional upon the union accepting the company's full draft agreement, which contained many clauses that would render the agreement virtually inoperative in so far as the handling of grievances in the plant from day to day was concerned.

The strike vote, which was taken on May 20, 21 and 22, was participated in by 1,030 employees of the 1,125 eligible within the bargaining unit, with the result that 847 voted in favour of strike action, and 183 voted against. The question on the ballot was—"In the event that the Canada Wire and Cable Company Limited fails to meet the wage and hour demands set forth in the proposals of Local 514, United Electrical, Radio and Machine Workers of America, are you in favour of authorizing the Shop Stewards Council to declare a strike?"

Between June 28, when the last offer of the company was presented, and July 9, the Stewards Council, authorized by the secret ballot of May 20, 21 and 22, held two meetings and in the second such meeting made the decision for strike action on July 9 at 4 a.m.

The total net income of this company before provisions for depreciation and taxes, rose from \$1,107,243 in 1939 to a high of \$3,637,388 in 1941, but has since declined to \$992,503 in 1945. Net profit dropped from \$690,806 in 1939 to \$480,306 in 1945. Surplus account increased from \$1,034,507 in 1939 to \$2,072,237 in 1945.

APPENDIX D

The Electro-Metallurgical Company of Canada, Welland, Ontario, employing approximately 1,300 people, has been on strike since Monday, July 8. This company has been under contract with the UE since May 7, 1943, following on a Department of Labour vote conducted on January 22, 1943, in which vote 1,411 voted for the UE and 127 voted against. The contract has been renewed annually with certain improvements from year to year both in terms of the contract and in some small measure in terms of additional economic gains to the employees.

On March 6, 1946, acting on the provisions in the agreement for modification, the union presented proposals to the company embodying a request for 25 cents an hour increase in wages, reduction in the work week to 40 hours per week, union security, shift bonus, institution of three weeks vacation after ten years, and institution of a sick leave pay plan, together with certain other changes in the collective agreement.

On March 29 the company presented the union with a series of counter-proposals, wherein a negative answer was given to all economic requests. Further meetings were held during the month of April and the early part of May without any further offers from the company.

On May 10 the company proposed a reduction in the hours of work from 48 to 40 and the payment of a 4 cents an hour general increase in the hourly rates as compensation for the reduced hours of work. This offer was taken to the membership and a decision was made to take a strike vote, by secret ballot, of all employees in the plant coming within the bargaining unit.

Voting took place at the plant gates, with the result that out of 1,235 eligible to vote, 1,138 cast ballots, 1,008 voting to reject the company's offer and authorizing the Stewards body to take strike action if and when necessary.

Further negotiations took place early in May and during the month of June. On June 17 the company increased its offer to 8 cents per hour as compensation for the reduced hours of work, offering a 44-hour work week for non-continuous operations involving approximately 40 per cent of the employees, and a 40-hour week for continuous operations involving 60 per cent of the employees.

A membership meeting held the same day turned down this offer of the company which, in essence, would have meant a reduction in take-home pay to many of the workers, and instructed the strike committee to make plans for action.

On June 24 the company raised its offer by 2 cents on the basis of applying it at 8 cents an hour increase for certain wage brackets, 10 cents for others, and 12 cents for others, based on the different hours of work which would be applied, namely, 44 or 42 per week, and including as a part of the maintenance of take-home pay a shift bonus proposal of 3 cents on the second shift and 5 cents on the third shift. This still did not fully compensate each worker for the reduced hours of work and gave no increase in take-home pay to any worker.

A membership meeting on the same day turned down this offer and demanded that strike action take place immediately. The officers of the union advised further negotiations, which advice was accepted on a divided vote.

On July 2 the union offered to make an interim settlement with the company on the basis of the company immediately instituting the reduced work week and maintenance of take-home pay. The company refused to accept this offer of an interim settlement, which would have left the agreement open for further negotiations as the national wage pattern developed.

The union agreement normally would have expired on May 7 but was renewed for one month to June 7. Since June 7 technically there has been no agreement between this union and the company though no change took place in the recognition of the union in its day to day relations with the company.

On July 8 a membership meeting was held, attended by approximately 75 per cent of the workers in the plant, and that meeting decided by virtually unanimous vote to immediately establish a picket line, and the strike went into effect before midnight, Monday, July 8.

The Electro-Metallurgical Company of Canada is a subsidiary of the Union Carbide and Carbon Corporation. Among the subsidiaries of this large American corporation is also the National Carbon Company. Two American plants of the National Carbon Company, located in Cleveland and Edgewater, Ohio, have been under contract with this union for several years and recently completed agreements establishing an 18½ cent an hour increase in wages without strike action.

On the question of union security, which has been an issue between the union and the Electro-Metallurgical Company for the past two years, it should be noted that the National Carbon Company in the United States has a maintenance of membership agreement with this union, together with a revocable checkoff.

In 1944 the union, for the second time, raised the question of union security with the company, and on the company's refusal, applied for a Board of Conciliation. This Board of Conciliation, in a majority report brought down on December 7, 1944, recommended a maintenance of membership and checkoff. The company refused to recognize the majority report of the Board.

During the negotiations in 1946, the company maintained an adamant position and refused to incorporate any degree of union security in the agreement until a meeting on June 24 at which time they offered to institute a voluntary 60-day revocable checkoff.

We are not in a position to supply any information on the company's financial status in view of the fact that no financial statement is available for the Electro-Metallurgical Company as a unit of the Union Carbide and Carbon Corporation, but we feel that there is no basis for argument on the part of the company of inability to pay in meeting the demands of the workers.

APPENDIX E

In the Monarch Battery Company, Kingston, the UE was certified as the bargaining agency for the employees of this plant on February 7, 1945, and the first agreement was completed and signed on April 20, 1945. Wage negotiations, however, continued on during the year and were still not finally completed by the time the contract had run its first year.

Negotiations for modification of the agreement were opened on April 3, 1946, and continued through the months of May and June with very little progress being made.

On May 30 the company offered to bring its rate into line with the rates paid at the Exide Battery plant in Toronto, which plant is under contract with this union, providing there was a differential established of 5 cents an hour which the company argued was necessary because of the location of their plant in Kingston.

The company, however, refused to go into detail on the application of this general statement, and the committee made a counter-proposal that the company reduce the hours of work from 44 to 40 without any reduction in take-home pay, and introduce a 7 cents across the board general wage increase. This the company refused to meet.

A further meeting was held on July 15 with a view to reconciling these two different positions, but no success was forthcoming and at a meeting of the membership that night, attended by 90 per cent of the 60 workers employed in that plant, the decision was taken to go on strike the next morning.

During the year and a half of relations between this company and the union, there had been an atmosphere of petty bickering on the part of the company in dealing with grievances and in the course of negotiations, wherein the company refused to provide any information requested by the union as a basis for bona fide negotiations.

Negotiations on behalf of this company were carried on, in the main, by a representative of the Central Ontario Institute of Industrial Relations.

EXHIBIT 1

CANADIAN WESTINGHOUSE COMPANY LIMITED

Original investment was 25,000 shares at \$100 par in 1903—a total of \$2,500,000.

By 1944 capital stock had risen to \$9,100,000 divided into 546,000 shares.

In 1945 stock dividends were paid instead of cash dividends, increasing the capital stock to \$10,192,000, divided into 591,000 shares.

Average investment over 42 years from 1903 to 1944 inclusive was \$4,562,435.

Increased investment in the company by 1944 was \$6,600,000, of which \$4,800,000 was capital accumulated on the original investment. By 1946 the total increased investment was \$7,692,000. By 1944 capital investment was more than $3\frac{1}{2}$ times the original investment in 1903; by 1946 it was more than 4 times. The stock at all times seems to have been closely held, and a large part of the increase in capital stock has been accomplished by distributing new stock to the previous shareholders. The new investment was also put in by the previous shareholders, who were offered the opportunity to buy new shares on two occasions, 1912 and 1920, and who put in \$1,804,000 of additional capital on those two occasions.

Over the 42 years period 1903 to 1944 dividends were paid every year except 1903 and 1904, at 6 per cent or more per year, on the \$100 par stock (in one year as high as 40 per cent—1927), and since the stock was changed to no-par value

in 1929, at \$2 or more per share in all years but 1939 when it was \$1.75. No cash dividends were paid in 1945 but the equivalent of \$2 share dividends was given to the shareholders in the form of stock.

Total dividends paid 1903 to 1944 were nearly \$36½ million, more than 8 times the average capital investment during the period, and nearly 14 times the original investment. The average dividend per year amounted to 19 per cent on the average investment.

The 1944 dividends of \$1,092,000 were 12 per cent on the 1944 value of the capital stock. But actually this stock represents an original investment of only \$4,304,000, so the 1944 dividends were at the rate of 25½ per cent per year on the actual investment.

Over the 42 years from 1903 to 1944 investors in this company on an original investment of \$2½ million and an additional investment of \$1,804,000, a total of \$4,300,000, took out nearly \$36½ million in dividends, increased their capital stock by \$4.8 million (apart from new investments) and had built up a surplus still held in the company of \$8.1 million—a total of nearly \$50 million increase on an original investment of \$4.3 million. In other words, the dividends and increased holdings of stock and surplus were almost 12 times the original investment.

A stockholder who invested \$100 in the company when it began in 1903 and held the stock continuously would have built up a stock holding of \$262½ by 1944, would be entitled to a \$232 share of the surplus shown on the 1944 balance sheet (\$14.77 for each of his 15¾ shares) and would have drawn out \$1,083 in dividends. These total a return of \$1,577.50 on the original investment of \$100 over 42 years.

The company statements show the stockholders equity per share (capital stock plus surplus divided by the number of shares) as \$35.61 in 1944, a year in which the market value of the shares was \$47.75 to \$57 a share. This difference between the reported equity and the market value of the shares represents still another gain to the stockholders.

Moreover, additional reserves which do not show up in the company's reported surplus, such as refundable excess profits taxes (nearly \$1.5 million by the end of 1944), other reserves of \$650,000, and any "hidden reserves" through undervaluation of inventories, plant improvements charged off against current expenses, extra depreciation, government investment, etc., have not been taken into account.

EXHIBIT 2

WARTIME GAINS IN ELECTRICAL INDUSTRY PROFITS

Manufacturers of electrical machinery and equipment did very well for themselves out of the war. The latest summary prepared by the Bank of Canada (in its *Statistical Summary* for February-March 1946) shows profits in this industry, both before and after taxes, rising faster even than the average for all industry. These figures are based on financial statements from 24 electrical companies, including the "Big Three" of the industry, Canadian General Electric, Canadian Westinghouse, and Northern Electric. The electrical industry summary is set out in the accompanying table.

Wartime net Profits 35 per cent to 50 per cent above pre-war

As shown in the table, 1944 profits after taxes (including the refunds due from refundable excess profits taxes, which are not immediately available for distribution to the shareholders but which will certainly be available soon) for the electrical industry were almost exactly 50 per cent higher than in 1939.

The average for all industry was about 3 per cent below 1939, for primary iron and steel products 7 per cent higher, and for the machinery industry other than electrical machinery 114 per cent.

Comparing the war years as a whole with the average for the years immediately before the war the wartime average for the electrical industry went up 37 per cent. For the industry as a whole the increase was 12 per cent for primary iron and steel 48 per cent, and for machinery 94 per cent.

PROFITS AVAILABLE TO SHAREHOLDERS OF 24 COMPANIES IN THE
ELECTRICAL MACHINERY AND EQUIPMENT INDUSTRY (INCLUDING REFUNDS
DUE ON REFUNDABLE EXCESS PROFITS TAXES PAID)

	Profits before Taxes		Profits after Taxes	
	Total	Including Refundable	Total	Including Refundable
	\$	\$	\$	\$
1936.....	5,100,000		4,200,000	
1937.....	9,000,000		7,200,000	
1938.....	7,200,000		6,000,000	
1939.....	7,400,000		6,100,000	
1940.....	13,900,000		6,600,000	
1941.....	22,400,000		7,500,000	
1942.....	25,000,000	1,600,000	8,800,000	1,600,000
1943.....	21,000,000	2,000,000	8,300,000	2,000,000
1944.....	20,700,000	1,700,000	9,100,000	1,700,000
Increase 1944 over 1939.....	13,300,000	1,700,000	3,000,000	1,700,000
	180%		49%	
Increase 1940/44 average over 1936/39 average	13,425,000		2,185,000	
	187%		37%	

The increase in company profits before taxes has been much more spectacular than the increase in profits after taxes. In 1944 profits before taxes in the electrical industry were 180 per cent higher than in 1939, almost three times the 1939 level. For all industry they were 54 per cent higher, for primary iron and steel 76 per cent higher, and for machinery 342 per cent higher. Comparing average wartime profits before taxes for the war years with the pre-war average the electrical industry shows an increase of 187 per cent, all industry 75 per cent, primary iron and steel 159 per cent, and machinery 317 per cent.

APPENDIX D

Witness will be MR. GEORGE BURT

MEMORANDUM SUBMITTED BY THE UAW-CIO ON BEHALF OF THE
EMPLOYEES OF THE AUTOMOBILE INDUSTRY REQUESTING
INCREASES IN WAGES

We welcome the opportunity of presenting our Wage case to the House of Commons Industrial Relations Committee and through the Committee to the people of Canada. We will endeavour to present the case of all Automobile workers in Canada who have wage disputes at the present time, but due to the fact that employees of the Chrysler Corporation are on strike and because we feel it necessary to try our best to resolve this dispute, we feel that Chrysler should be considered specially by the Committee and a real effort should be made to settle the Chrysler strike. It is also our belief that settlement of the Chrysler strike will establish a pattern by which we can successfully negotiate our differences in General Motors and Ford. The U.A.W. is very strongly organized in the three major plants of the industry, namely Ford, General Motors and Chrysler. We have also been negotiating with a host of "Feeder plants" on the question of wage increases and in order to avoid widespread

strikes in these small plants which would close down the entire industry we have endeavoured to secure "open end wage agreements" from the smaller companies with the commitment that they will pay the industry pattern when such a pattern is established. We have been successful in our efforts in this direction in many cases. Therefore, we are of the opinion that the settlement of the Chrysler strike will bring peace and harmony in this industry, give confidence to management to go ahead and produce, and make secure for the time being, at least, the economic future of nearly forty thousand workers who depend on automobile production for their livelihood.

Chrysler Corporation of Canada Limited

The Chrysler Corporation of Canada Limited has approximately 4,000 employees in the bargaining unit. Seven hundred of these employees are in the Chatham works of the Company, which is a parts distributing centre. The Windsor employees are members of Local 195, an amalgamated local union with thirty-six other constituent units, mostly automobile parts plants. The employees at Chatham are members of Local 127 which has four other constituent plants. The Chrysler employees in the plants at Windsor and Chatham have been on strike since June 16.

We have had a collective agreement covering the employees of the Windsor plant since September 1, 1942. We have had a collective agreement covering the employees of the Chatham plant since December 23, 1942.

The agreements are practically identical but the Company has refused to sign a joint agreement preferring to bargain with the same union with the same representatives on both sides, in the two cities at different times. Amendments to the agreements have been presented since the first agreement was signed at intervals provided for by the agreement. According to the procedure provided for in P.C. 1003 the Union made application for intervention to the Ontario Labour Relations Board on behalf of employees in both plants and separate Boards were established in each case, mainly due to the different expiration dates of the respective collective agreements. The Boards so established made different recommendations even though the original agreements were almost identical. This was true, particularly in the recommendation on Union Security. The Board established in Chatham recommended maintenance of membership and check-off. The Board in Windsor recommended the Rand formula. The Company was consistent in the first instance and turned down both reports. However, after further negotiations and with the very apparent desire on the part of both parties to settle the dispute without a strike, the Company offered the Rand formula and the parties negotiated the remainder of the Board reports without too much difficulty.

Having overcome the difficulty of negotiating the collective agreement, the problem of wage increases, vacations with pay were the only remaining problems. The 40 hour week is already in effect in Chrysler. The Company agreed to a two week vacation with pay plan for employees with five or more years' seniority. One week for employees from one to five years' seniority. This vacation plan based on payment of 2 per cent for employees eligible for one week and 4 per cent for employees eligible for two weeks.

The Company offered six cents per hour increase in pay and at first made this increase contingent on the Company receiving a price increase and further providing the Union would sign a wage agreement on that basis for one year. They later revised their position and agreed to the six cents across the Board with a provision to open negotiations at any time in ninety-day intervals after the signing of the agreement and withdrew the price increase contingency.

The Union requested 25 cents per hour increase in wages. Two weeks' vacation with pay based on a similar formula covering the American Chrysler workers. The American formula provides for a set amount of \$52.00 for those

eligible for one weeks' vacation and \$104.00 for those eligible for two weeks' vacation. We asked for the same plan based on \$45.00 for one week and \$90.00 for two weeks. This proposal would aid the lower paid worker, but would penalize, to some extent, the higher paid worker. However, the plan was acceptable to the employees. The Union revised its original request for 25 cents and offered to accept the 18½ cents which was given to the American employees. It has been the policy of Chrysler to give Canadian employees the negotiated increases which were applied to the American employees. The U.A.W. has a national contract covering all Chrysler workers in the United States.

The policy of applying the wage increases granted American Chrysler workers to Canadian Chrysler workers was interfered with, of course, with the establishment of wage control in Canada. There has always been a differential between the wages of the Automobile Workers in the United States compared to the wages paid in Canada but the ratio of differential has now been completely destroyed by the latest wage boost of 18½ cents to American workers. The Canadian Chrysler workers used to get their vacation allowance on the same basis as American Chrysler workers. The Company's offer also changes this established principle. We may be able to reconcile the Canadian Chrysler worker to accept the differential in wages because of the differential in the cost of living but we cannot reconcile his viewpoint to accept the wide differential that now exists. Certainly the difference in the cost of living is not so great as the difference in these rates. The changing of the principle of vacations is not acceptable to the Canadian Chrysler worker. He is not prepared to become a second class Chrysler worker because he is a Canadian. We do not believe the House Committee would be prepared to suggest it.

The Chrysler Corporation of Canada is a subsidiary of the American Corporation. There is no stock for sale in the Canadian Company. Stockholders in Canada receive the same dividends as the United States stockholders. All wages and dividends are paid from the American pot and we feel that Canadian Chrysler workers should be able to dip into the American pot to the same extent as American workers.

We have dealt with the ability of this Company to pay later on in the memorandum under "General". Chrysler workers suffered a cut of 12 hours in take-home pay since V-E Day. During the war Chrysler employees worked 48 hours and were paid for 52 hours. There has been no general increase in wages of the Chrysler employees since the adoption of Wage Control in Canada. Application has been made to the War Labour Board but always the application was rejected on the basis that wages in the Automobile Industry were enhanced. This may have been true when the workers were working full-time during the war but certainly would not apply in peacetime when the industry is seasonal.

Ford Motor Company of Canada, Limited:

The Ford Motor Company employs approximately 10,000 employees in Windsor, in the bargaining unit. Three of the Ford plants are under contract with the U.A.W. in Windsor, Toronto and Winnipeg. The office workers in the Windsor plant are also under contract with the U.A.W. There are approximately 900 employees in the office bargaining unit. After Mr. Justice Rand made his decision the Company agreed to sign similar contracts covering the small plants in Toronto and Winnipeg.

The Union request is for \$2.00 per day increase and two weeks' vacation with pay. The 40-hour work week is already an established fact covering the employees at Windsor. Toronto and Winnipeg work a 44-hour work week.

The Union has reduced the original request of \$2.00 per day increase to 18½ cents per hour which is the amount granted American employees. Like

Chrysler, the Ford Motor Company has applied to the Canadian employees, increases granted American employees up to the time wage control was made effective in Canada.

In answer to our request the Company offered a nine cent increase across the board and two weeks' vacation with pay to employees with five years' or more service.

However, the basis of applying vacations with pay was unsatisfactory and the employees turned down the offer of the Company with respect to wage and vacations.

The matter referred to with respect to the cut-back in hours of work, with the resultant loss in "take-home pay" referred to in this memorandum regarding Chrysler, seasonal nature of employment, advantages the Company gained through revision of Excise Tax, and benefits derived from the adjustment of foreign exchange applies to Ford. The Company's offer establishes a \$1.00 minimum for labour which seems relatively high unless proper recognition is given to the seasonal nature of employment in this industry.

General Motors:

Oshawa, employing approximately 4,000 workers.

Windsor, employing approximately 700 workers.

St. Catharines, employing approximately 2,000 workers.

General Motors of Canada Limited have a somewhat different situation than Ford and Chrysler. The Oshawa plant is an assembly and manufacturing plant. The Windsor plant is a motor plant. The St. Catharines plant is a foundry which turns out the cast iron and other foundry equipment which is used in the manufacture of General Motors cars. The St. Catharines plant also manufactures electrical equipment known as Delco-Remy. They make other parts which are used in the General Motors plants.

The Oshawa and Windsor plants of General Motors work a 44-hour week, standard work week, the majority of the St. Catharines plant is working a 45-48-hour week. Hence, the cut-back in hours applying to General Motors plants in Oshawa and Windsor means a cut-back of four hours per week at time and one-half which would mean a cut of six hours pay per week since V-E Day.

The wage structure in General Motors is also different than that applying to Ford and Chrysler as part of the employees are paid under the incentive bonus plan and part of them paid a straight hourly rate. We are requesting the elimination of the incentive bonus plan in General Motors and feel that our position is justified in as much as Ford and Chrysler are on a straight hourly rate and in the automobile industry an incentive bonus plan is unnecessary due to the fact that most of the employees who are working under the plan are on moving production lines and each operation is timed as to pieces per hour and manpower. As each operation is dependent upon the other and as production rates are set at a certain rate, there is no necessity for the incentive bonus.

In the three plants of General Motors a large number of the industrial disputes and grievances have occurred as a result of the incentive bonus system. General Motors do not need to fear that the elimination of the system would put them in an unfair competitive position as both of the major competitors are on a straight hourly basis. The General Motors Corporation in the United States has changed its incentive bonus system to a straight hourly basis in nearly all of its plants.

There is a differential in some cases between the rates paid in General Motors and Chrysler and Ford. A startling example of the differential is in the case of General Motors, St. Catharines (McKinnon Industries), whose employees have now taken a strike vote. The minimum rate in McKinnon

Industries is 58 cents per hour which is even less than that paid in the farm equipment or the steel industry. General Motors claim that the St. Catharines plant is a separate plant from the General Motors of Canada Limited, even though the name General Motors is very much in evidence across the front of the plant.

The management claim that they will pay the rate established in the area but like all of the "Big Three" they set the rates in the automobile centres. There is a tremendous differential in rates between the foundry labourers in St. Catharines and the foundry labourers in other foundries, particularly compared to Ford. The management offered us an 8 per cent increase in pay which was turned down by the employees who have recently voted for strike action. The management presented this case to the Regional War Labour Board on July 2 and in some mysterious manner they had the case dealt with and received authorization to increase the rates of pay by July 4. The Union did not take part in the deliberations before the Board feeling that such an offer by the company was an insult to the employees.

We are not going to discuss the differentials at this time, although we feel sure that such differentials may be the cause of a future industrial dispute in General Motors. We are requesting a straight hourly increase across the board in each case.

General

In dealing with our request for a \$2 per day wage increase, two weeks' vacation with pay and a 40-hour week, we believe that our arguments in favour of such a wage jump are justified in this industry for the following reasons.

1. Higher productivity on the production front. The automobile industry was responsible during the war for putting the Eighth Army on wheels which substantially contributed to winning the battle of Africa. The experience which was gained will enable the automobile companies to produce much more per man than was produced prior to the war.

I would refer the members of the Committee to page 1 of our brief of the 18th of January concerning the figures which were prepared by the economists of the Bank of Canada.

2. The necessity of re-distributing the national income by higher wage payments to place the buying power in the hands of the consumer and in this way prevent a future depression. The position of the automobile worker at the present time is considerably worse than in 1939 and certainly worse than his position during the war. After working long hours which in some way compensated him for the increase in the cost of living during the war and he was constantly faced with a cut-back in take-home pay by the reduction in his work week from 48 to 40 hours, while the cost of living went ever higher and higher.

Even if the auto worker received the full \$2 per day increase he would not be able to buy any more goods than he was able to buy during the war and, therefore, an increase in his earnings of \$2 per day would not contribute to inflation unless it resulted in an increase in the cost of the product to the consumer. As far as that phase of the matter is concerned we will deal with it later.

3. The tremendous domestic and export market which is now open to the industry. It is certainly unnecessary for us to relate in this memorandum the tremendous demand on the part of the Canadian public for automobiles and trucks. It will be some time before industry in Canada can even serve the needs of the home market and the companies are preparing to turn out maximum

production which means that the labour costs and overhead will be considerably cut. The more automobiles and trucks that are manufactured in Canada, the less it costs the manufacturer.

4. The necessity of wage increases to take care of the reduction in take-home pay through reduction of hours of work and reclassification of jobs. During the war the automobile industry was engaged entirely in the manufacture of military equipment. Since V-E Day reconversion has been carried on very quickly and efficiently. As a result of World War II, a large number of men were transferred when the industry was converted for war purposes to wartime jobs but have now been transferred back and in many cases have suffered a decrease in the hourly rate as a consequence. The automobile companies wish to go back to the 1939 rates of pay that were paid on peace-time classifications. This is particularly true in General Motors where comparative earnings between 1939 and 1946 show a very slight variation.

I have already related that a twelve hour cut in take-home pay has come about in Ford and Chrysler as a result of the reduction to 40 hours per week. General Motors employees have suffered a six hour cut in take-home pay and the Company has juggled the bonus efficiency rates which makes it almost impossible to estimate the actual cut which was suffered by General Motors employees. The hours of the auto workers have been cut far in excess of workers as a whole since the end of the war.

The history of the automobile industry is well known in Canada. The employment is seasonal to such an extent that between the years of 1930-39 automobile workers annual wage was between \$850 and \$1,400. It was pointed out during the Ford dispute at a hearing in Toronto which was attended by the Hon. Leslie Blackwell and the Hon. Humphrey Mitchell that municipalities and the Province of Ontario had subsidized the automobile industry through relief payments to unemployed automobile workers because of the seasonal nature of the industry. The fear of the auto worker is that he will be forced to balance his domestic budget again for a whole year on part-time employment and part-time wages.

The Union originally requested an \$1,800 per year minimum rate but the employers have raised a number of obstacles, some of which are logical. The main obstacle is the inter-dependence of the Canadian industry with that of the United States. It may be true that this fear will not be realized during the rather high production year which lies ahead but with the tremendous capacity of this industry to turn out manufactured goods it is quite reasonable to assume that the full time employment of the auto worker will only be temporary. The industry changes its model every year and that in itself requires re-tooling and changes in the plant which result in unemployment of thousands of auto workers.

5. The profits of the industry being of such a nature as to allow them to pay increased wages without financial embarrassment or subsidy. The protection the industry receives as a result of the refund of excess profits, plus the carry-back provision which allows the company to have available cash in case of losses in the industry in the post-war period.

The following is a statement which was prepared by our Research Department covering the Chrysler Corporation in Canada. We have no way of knowing the authority for these figures but during our wage negotiations the Company did not affirm or deny the accuracy of the figures.

The Chrysler Corporation issues a separate income account and balance sheet in which all its foreign subsidiaries are combined. Thus it must be remembered that the following includes not only the Canadian company, but also the Canadian sales agency, and the Dodge plant of Great Britain. For the purpose of simplification, however, it will be referred to as the "Canadian Chrysler Company".

Net sales of Chrysler Canada rose sharply between 1942 and 1943—from \$66,617,346 to \$105,186,104—an increase of 58 per cent. Profits after taxes rose 51 per cent over the 1942 level—from \$1,539,794 in 1942, to \$2,321,405. This is a considerable increase for one year, especially since 1942 profits were already at high levels.

1943 profits, in fact, represented a rate of return of 17 per cent on net worth. In other words, for every dollar owned by stockholders, the corporation earned 17 cents in 1943. How high such a rate of return actually is may be seen from the fact that the average rate of return for all U.S. corporations that year was 9·8 per cent, or 9·8 cents on the dollar.

Another indication of the corporation's profitability may be seen from the fact that earned surplus rose from \$9,222,129 in 1942 to \$11,543,534 in 1943. Earned surplus represents profits retained in the corporation after payment of all dividends.

Total assets decreased between 1942 and 1943, largely because the corporation's cash on hand declined. However, total current assets as of the end of 1943 were \$41,345,044, as compared to total current liabilities of \$30,799,325. This was sufficient for the company to meet all current obligations and still have a working capital account of \$10,545,720.

CHRYSLER CORPORATION FOREIGN SUBSIDIARIES

(not consolidated)

Combined Income Account, years ended Dec. 31	1943	1942
Net sales	\$105,186,104	\$66,617,346
Cost of sales	96,288,275	61,272,098
Sell., etc., exp.	2,381,826	1,863,214
Balance	6,516,003	3,482,034
Other income.....(1)	210,356	32,410
Total income	6,726,359	3,514,444
Fgn. inc. and prof. tax	4,131,865	1,659,283
Exch. adjust. ....cr	2,400	3,819
Addit. invent. res.	275,489	311,548
NET INCOME	2,321,405	1,539,794
Surplus, 1-1	9,222,129	7,883,335
Cash divs. ....	.....	201,000
Surplus, 12-31	11,543,534	9,222,129
Supp. P. and L. Data:		
Maint. and repairs	\$727,025	\$594,516
Depr. and amort.	873,944	966,681
Taxes (not inc.)	2,266,581	1,671,271
Rents and Royalties	59,298	45,687

(1) Includes \$136,355 reserves no longer required.

The Ford Motor Company being a stock company in Canada make annual reports and such an annual report reveals the following.

	Net Profit	Capital and Reserves	Rate of Profit
1937	4,375,668	59,784,982	7·4
1938	3,755,057	61,754,000	6·0
1939	3,653,364	63,374,389	5·6
1940	4,535,182	65,361,897	7·0
1941	5,389,604	68,637,380	7·8
1942	8,719,158	74,435,405	11·7
1943	8,664,959	80,171,422	9·5
1944	6,129,516	83,361,963	7·2

NOTE—The point about these figures is that the rate of profit shown is not the actual profit, but only what was available to stockholders before taxation. The rest of the profits are stuffed away in any number of nooks and crannies and no one will discover them. But at least three places show clearly even in the company statements.

(a) Undistributed profits—or earned surplus—amounted to \$29,948,-416 at the end of 1944. This formed about 30% of all the company's liabilities. With it the company could pay dividends of nearly three million per year for the next ten years and break even on its annual operations.

(b) A general reserve exists of \$5.5 million for which no apparent purpose exists.

(c) The normal depreciation fund in 1944 amounted to \$34,534,447. Granting that a certain portion of this is perfectly legitimate there is every reason to believe that additional profits are tucked away in this corner. Although the fund has increased by over 12 million since 1939 none of it has been used to finance additions supplied for war purposes. These additions, supplied by the company, amounted to \$9,074,375 and were eligible for special depreciation allowed by the War Contracts Depreciation Board, equal to \$7,491,036, which was charged to operating costs during the war period. Only the remaining \$1,583,339 has been designated as of post war value and subject to depreciation in the normal way.

There is no method that we can find to make General Motors figures available to us but it can be assumed that a company which is considered one of the greatest corporations in history can easily meet its competition, keep its costs down accordingly and show a profit that would at least compare with its competitors.

From the above figures it can be easily seen that the industry can afford to pay all of the increases requested.

6. The fact that the industry has already received in effect a price increase, we quote the figures that have been received from Ottawa.

Ford V-8 sedan, f.o.b. Windsor—

1939 was sold for \$942 with spare tire.

1940 was sold for \$970 with spare tire.

1941 was sold for \$1,205 with spare tire.

1946 was sold for \$1,265 without spare tire.

In 1939 the excise tax on a car over \$650 amounted to 5%. On June 25, 1940, this was revised and on a car valued at \$900 and less, the excise tax was 25%. On a car valued at \$900 to \$1,200 the excise tax was 40%. On a car valued at over \$1,200 the excise tax was 80%. This excise tax was imposed on the manufacturer's selling price.

In May, 1945, the excise tax was revised downward and a flat 10% was imposed on any amount. There is no doubt that the excise tax was in a large measure responsible for the increase in the price of a car after 1940 but while on a 1941 model of a car costing \$1,000 there would be a tax of \$265. (\$225 plus \$40) as the price of the car has not been reduced according to the figures available to us, the balance of the tax amounting to \$165 and in addition there is the amount of \$25.90 for the spare tire and an additional \$28 which is allowed by the Price Control Order.

We have been informed by the managements of the companies that they have approached the Government for a further price increase. During negotiations with General Motors Mr. Wecker claimed that he could not pay the increases requested without an increase in the price of the product to the consumer. He further stated that any application that was made to the Regional War Labour Board for wage increases would be accompanied by a statement from him to the effect that no authorization should be granted without a price increase. During the negotiations with the Chrysler Corporation they at first wanted the six cent offer to be contingent on the company receiving a price increase from the Wartime Prices & Trade Board. We in the auto industry firmly believe that the workers should be able to buy the product they make but with the tremendous increase in the selling price of cars to-day it will be impossible for an automobile worker to purchase a new car, even though he might have been able to do it in 1939.

7. The increased cost of living to the automobile worker which is not properly reflected in the Dominion Bureau of Statistics. It is a well known fact that the cost of living in the larger urban centres has increased more than it has in the suburban centres. This is particularly true in the automobile centres where employment was at a very high level during the war. The D.B.S. figures are not a proper reflection of the increase in the cost of living and I would quote the official statement from D.B.S. which makes it abundantly clear—

It should be clearly understood that the index is a measurement of price change. Many people use the term "living costs" to indicate the total cost of things they buy. Used in this sense, "living costs" may include different things from month to month and year to year, and likewise different amounts and qualities of the same things. A cost of living index based on this idea would reflect the value of total purchases made by everyone. The Bureau's index is based upon quite a different idea. It measures changes in the cost of a family budget *which includes the same amounts of the same commodities and services for considerable periods of time*. It is essentially an index which *measures changes in prices*.

One of the main reasons why we contend that D.B.S. is not a proper reflection of the increase in cost of living is because of the depreciation in quality. This is true as far as fuel, clothing and even rent is concerned. Certainly it is true as far as food is concerned. A person has only to look at the coal bill and compare the coal dust that you get to-day with the shiny, hard coal that we could purchase for less money in 1939.

8. The automobile industry is dependent upon American sources of supply for its production. Millions of dollars worth of parts and other equipment are purchased from the United States. Since the elimination of the differential in foreign exchange between Canada and the United States, it can certainly be assumed that the Canadian companies, even though they are subsidiary to American corporations, receive a 10% advantage on millions of dollars worth of goods which are purchased by the companies from the parent plants in the United States.

APPENDIX E

Witness will be MR. JOSEPH MACKENZIE.

Submission on Behalf of the United Rubber Workers of America INTRODUCTION

The United Rubber Workers of America is an international Union affiliated with the Congress of Industrial Organizations and with The Canadian Congress of Labour.

District 6 of the U.R.W.A. includes 17 Local Unions which are the recognized bargaining agencies in 17 Canadian plants, all but one of which are located in the Province of Ontario.

The following table shows the Local Unions which have been on strike since June 24, 1946:—

Local Union	Company	No. of Employees
Local 67	Merchants' Rubber, Kitchener	1,200
Local 296	Dominion Rubber, Textiles Division, Kitchener	100
Local 80	Dominion Rubber, Tire Division, Kitchener	1,200
Local 73	B. F. Goodrich, Kitchener	1,400
Local 189	Goodyear Tire and Rubber, Bowmanville	650
Local 232	Goodyear Tire and Rubber, New Toronto	2,500
Local 113	Firestone Tire and Rubber, Hamilton	1,400
Local 118	Seiberling Rubber, Toronto	300
Local 136	Gutta Percha, Rubber, Toronto	1,350
Local 292	Barringham Rubber, Oakville	125

The following Locals did not go on strike and have reached agreements with their employers:—

Local 126	Viceroy Manufacturing, Toronto	250
Local 132	Dunlop Tire and Rubber, Toronto	1,150

The following Local Union did not strike, but has not yet reached agreement with the employer:—

Local 88	Kaufman Rubber Company, Kitchener	500
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District 6 of the U.R.W.A., at a conference held in Kitchener on October 7, 1945, adopted the following seven-point program:—

1. A general wage increase of 20 cents per hour.
2. The 40-hour week.
3. Time and one-half for hours worked in excess of 8 hours per day and 40 hours per week.
4. Time and one-half for work performed on Saturdays.
5. Double time for work performed on Sundays and on all holidays proclaimed by Federal, Provincial or Municipal Governments.
6. Straight time pay for holidays proclaimed by Federal, Provincial or Municipal Governments when not worked.
7. Ten cents per hour bonus for all those employed on Second and Third Shifts, i.e., shifts involving night work.

Negotiations with the employers on the seven-point program commenced as far back as October and November, 1945, but very little progress was made.

All the employers were invited by the International President of the Union to attend a conference at Toronto in March of this year. All of them refused or neglected to attend.

Negotiations having broken down, the Union took strike votes at all plants except Viceroy Manufacturing, Toronto, and the overwhelming majority voted in favour of strike action, which was fixed for May 27.

THE CAMERON COMMISSION

On May 23, the Minister of Labour appointed Judge J. C. A. Cameron as a Commissioner under P.C. 4020.

The Union had constituted a Strategy Committee, with elected representatives from the Canadian Locals of the Union, to act with the Canadian Director, Mr. Joseph Mackenzie, in carrying on negotiations and in the conduct of a strike, if a strike should become necessary.

At the request of the Department of Labour, the Strategy Committee advised the Local Unions to refrain from strike action pending the Commissioner's inquiry.

On May 29 the Commissioner commenced conferences with all the parties. The Union was represented at the outset by its International President, Mr. L. S. Buckmaster, its International General Counsel, Mr. G. L. Patterson, the Canadian Director, the Strategy Committee and negotiating committees of Locals.

The Commissioner insisted upon the resumption of negotiations between local committees and representatives of the Companies. These negotiations were carried on in 13 different places at Toronto, from May 29 until June 12.

All these negotiations, with one exception, having broken down, the Commissioner proceeded to hold formal hearings from June 12 until June 17 with respect to 12 of the 13 plants involved. Further discussions held by the Commissioner from June 18 to June 21 brought no satisfactory result, and the Strategy Committee had no alternative but to withdraw its advice to the Local Unions to refrain from strike action.

Each Local Union held meetings to reconsider its decision, and 10 of the 13 Local Unions involved went on strike, commencing June 23.

The Commissioner's Report, dated June 26, was made known to the Union on June 28. In general, it recommended further negotiations with a view to agreement upon wage increases not exceeding 8 cents per hour, with the proviso that other concessions in respect of statutory holidays should not be permitted to raise the monetary value of total wage increases above an average of 10 cents per hour.

The Commissioner's Report, which corresponded closely to the best offer made by the Dominion Rubber Company and its subsidiaries, was entirely unsatisfactory to the Union. It was not acceptable to the Strategy Committee. It was considered and rejected by all the 10 Local Unions on strike, and also by Local 88.

Notwithstanding the emphatic rejection of the Cameron Report by the recognized bargaining agencies in the 10 struck plants, the Minister of Labour sent a letter to each and every employee on strike, enclosing a copy of the Report and asking them to accept it.

The Union had no objection to the distribution of the Cameron Report to all rubber workers and the Minister was so advised by the Canadian Director of the Union. However, it was a superfluous gesture, in view of the fact that the Report had already been publicized in the press and its contents had been fully reported to every Local Union.

The Union takes strong objection to the personal intervention of the Minister in addressing a letter to each employee, asking acceptance of the Cameron recommendations. The Minister gave no warning of his intention to send such a letter when he discussed the matter with the Union. The Union contends that it was not proper for the Minister to take a partisan position in the dispute and that it was even more improper for him to attempt to by-pass and circumvent the recognized bargaining agencies by direct appeal to individual employees. The attempt was, of course, a complete failure.

GENERAL SETTLEMENT REQUIRED

The Union submits that a general settlement for the industry should be negotiated on the basis of its seven-point programme. The following reasons are advanced in support of a general settlement for the industry as a whole:—

(1) The relevant conditions, namely, the present increase in the cost of living and prospective increases in the near future, the reduction in take-home pay through shorter hours, the increased productivity of the workers, all affect the workers generally.

(2) Wage rates, both within each plant and as between the different plants, are extraordinarily complex, and it is not desirable or practicable to change existing differentials or attempt to deal, in meeting the present needs of the workers, in detail with hundreds of individual rates.

(3) In the course of negotiations several of the major companies suggested that they are or might be willing to meet a general pattern, but are unwilling to pay the required increases or any part of them until a general pattern for the industry is established. The companies have pointed out that they are in competition with each other in various respects, but it is apparent that the workers' claims cannot be fairly dealt with if the employers compete with each other in resisting necessary adjustments or wage increases for their employees, or if they use the competitive position as an excuse for failure to meet reasonable requests. In the same way, there are complaints within the industry by reason of workers in different branches not receiving equal treatment in respect to wages. No solution

of the problem which would increase the differentials between the wages for employees in different branches of the industry could be acceptable, or could solve the present problem.

(4) In the United States of America a general pattern has been set by agreement between the U.R.W.A. and representatives of the "Big Four" rubber companies, namely, Goodyear, U.S. Rubber, Goodrich and Firestone, providing for an over-all increase of 18½ cents per hour.

All the Big Four have Canadian subsidiaries. Indeed, these subsidiary plants comprise *no less than seven of the 10 struck plants in Canada.* Goodyear is represented in Canada by the two plants at New Toronto and Bowmanville. U.S. Rubber is represented by three struck plants at Kitchener: Merchants' Rubber, Dominion Rubber Tire Division and Dominion Rubber Textile Division. Goodrich is represented in Canada by the Goodrich plant at Kitchener. Firestone is represented by the Canadian plant at Hamilton.

The American 18½-cent settlement was reached without any strike by joint negotiation and embodied in one document signed by all parties on March 31, 1946.

In Canada, however, the Canadian employees of the Big Four companies are dealt with according to very different standards. The best offer was Dominion's—8 cents. Until recently Goodyear and Firestone would make no offer. It would appear that the Canadian employees of these companies are regarded in the category of colonial labour.

The 18½-cent increase has become general throughout the industry as a whole in the United States with some few exceptions.

THE GENERAL WAGE-INCREASE

There are at least six strong reasons for a general increase of 20 cents per hour "across the board". They are as follows:—

- (1) There has already been a substantial increase in the cost of living and many steps have been taken since V-E day to relax price controls, and remove subsidies, the full effects of which will not be felt for some months, although as a preliminary result the index has already risen from 119·8 on April 1 to 125·1 as of July 1. Existing and anticipated increases in the cost of living will mean that, by a conservative estimate, the average worker will require at least \$5.60 a week more in his pay envelope to be able to maintain the standard of living and purchasing power he had last winter.
- (2) There has been a substantial reduction in take-home pay within the last year, owing to shorter hours worked in the industry. Figures obtainable are by no means uniform and indeed it is difficult to secure up-to-date and accurate figures. Such information as has been secured indicates that the reduction in take-home pay within the rubber industry, ranges all the way from a minimum of \$2.00 in individual cases, to as much as \$10.00 a week.

The 20 cents per hour increase asked by the Union amounts to \$8.00 per week, assuming a 40-hour week.

It is therefore apparent that in a great many cases, the increase asked for will not even be sufficient by itself to maintain the weekly earning and purchasing power of workers at the increased cost of living next winter. Employees in this industry should not be forced to accept a reduced standard of living as a penalty for the relaxation of price controls and the trend toward shorter hours.

- (3) There has been, over the course of many years, a substantial increase in the productivity of rubber workers, and it is reasonable that they should receive a fair share of the greater productivity to which their labours have substantially contributed.

This increased productivity is strikingly illustrated by the following tables in which gross value of the product of the industry, less the price of raw materials and labour, is divided by the number of workers employed in the industry to arrive at the surplus of the products which their labour substantially produces.

TABLE OF SURPLUS VALUES

Year	Millions	Surplus Value per Employee
1930.....	29,036	1900
1939.....	25,528	1800
1943.....	36,518	2300
1944.....	51,346	2400

It is to be noted that these figures represent the industry as a whole, but some 16 out of 56 Canadian plants produce over 90 per cent in value of the products of the industry as a whole. It is likely that figures for increased productivity would be particularly high in the plants with which we are concerned. More than 85 per cent of the industry is concentrated in Ontario, in which over 90 per cent of the eligible employees are represented by the U.R.W.A.

It will be noted that the surplus value for each employee has increased, from 1939 to 1944, by \$600.00.

Based on the average working year of 48 weeks for each employee, the wage increases requested by the Unions would amount to \$384.00 a year per employee. It is certainly reasonable that the employees should receive their fair share of greater productivity in the industry.

- (4) As already stated, seven of the 10 struck plants are subsidiaries of large American Corporations, in some cases wholly owned subsidiaries. The U.R.W.A. is an international organization. It certainly is not reasonable to expect Canadian workers to accept widening differentials between their standards and those achieved by their fellow-workers in the United States. It would not be a sound national policy to allow American companies to invest in this country and to establish subsidiaries with highly profitable operations by holding down the wage levels and living standards of Canadian workers to the degree that existing differences in living standards become increasingly acute.

The average hourly rate for the American wage earner in the rubber industry is now \$1.34½. This compares with a Canadian average in February, 1946, of 72 cents. With the U.S. average almost double the Canadian average, it is no answer to point out that there is a difference in living costs. Not even the most prejudiced person would contend the difference is that great. This difference is all the more startling in view of the fact that the price of goods produced and sold is generally higher in Canada, although shorter hours and much higher wages prevail in the United States.

- (5) Wage rates sought by the Union are still lower than a minimum standard of health and decency for the ordinary Canadian family.

The Toronto Welfare Council's minimum budget for an average family indicated that \$37.00 a week was required *before* recent increases in the cost of living. The average weekly wage in the rubber industry was \$31.41 for the month of February, 1946. This figure, for the reasons outlined above, has been falling.

It is surely reasonable for rubber workers to seek to attain the minimum standard, and beneficial to the community that they should succeed, certainly where the profitability of the industry in which they are engaged makes it possible to pay such wages without any or substantial increases in the cost of the products.

- (6) A general pattern for wage increases is being established "across the board" as the result of negotiations or the findings of boards or commissioners.

It is surely reasonable that workers in the highly profitable rubber industry should share in the pattern which is fast becoming general in British Columbia. In the logging industry on the west coast an increase of 15 cents per hour across the board has been instituted together with other gains, and the example set by the Sloan settlement has been followed in a number of other cases. The Sloan settlement was warmly and publicly endorsed by the Minister of Labour as "sensible" and as "fair and reasonable." It must therefore be regarded as wholly consistent with Government policy.

- (7) The companies are, or in the absence of clear evidence produced by them, must be assumed to be, well able to pay the required increases without affecting prices.

The Cost of Living

The cost-of-living index has been criticized as not fully representing the actual increases in cost of living. Without analysing this matter in detail, it may be said that the following points should be noted:—

- (a) It does not register decreased quality and it is notorious that qualities generally are impaired.
- (b) In the index, food is taken as representing 30 per cent of the family budget. For working-class families, 40 per cent to 45 per cent for food would be a fairer estimate. The index for the cost of food has risen much higher than the general index.

Numerous price increases which have been granted will have a delayed-action effect. For example the increases in price of furniture and clothing recently announced are not likely to appear in the actual cost-of-living index for a time, because existing stocks remain to be sold, and purchases of these stocks are spread over a course of time. Next, it may be noted that the index is over a month late in appearing, and by reason of present measures of de-control, the cost of living is rising more rapidly than at any time since price control was imposed.

Subsidy removals have seriously affected the cost of living. In this connection it may be recalled that on June 2, 1943, Mr. C. P. McTague, then Chairman of the National War Labour Board, in a letter to Mr. Donald Gordon said:—

From the point of view of wage earners with moderate incomes, consumer subsidies effect a substantial reduction in the cost of living while taxes which make this possible are collected from the community as a whole in accordance with ability to pay. It is difficult to see any sound reason therefore why a wage earner in the lower income ranges should object to this method of stabilizing the cost of living, since it can be demonstrated that his tax contribution for such subsidy is less than the advantage given him in reduced prices.

Taking officially recorded increases in the cost of living, which amount to about seven points since the bonus was merged in wage rates, and more than five points in the last three months, it is reasonable to anticipate a further rise of at least another seven points, making a total of about 14 points, for which provision must be made in the coming winter.

It is desirable that an agreement should be made for a reasonable period, and the law requires one year. It is therefore fair to include the reasonable anticipation of cost-of-living increases, as well as actual increases. Each rise of one point in the cost of living requires an addition of approximately 40 cents in the weekly wage. The increase in weekly wage therefore required to meet an increase of 14 points in the cost of living, would be \$5.60 per week, without allowing for any of the other reasons for increases, which ought also to be taken into consideration.

Reduction in Take-Home Pay

It is extremely difficult to obtain complete figures with respect to declining take-home pay. Such figures as we have are not complete.

Figures collected by Local 73 indicate in B. F. Goodrich Tire and Rubber Co. of Canada Ltd., Kitchener, a reduction in hours from 1941 of seven per week in most cases.

Local 113 (Firestone Tire and Rubber Company of Canada Limited, Hamilton) reports an average of 54 hours a week was worked during the war. Hours were reduced to 48 on November 1, 1945; that is by six hours per week, with no wage adjustment. Maintenance men who formerly worked an average of 58 hours per week at 95 cents per hour and received \$55.10, now on a 50-hour week receive \$47.50, or a decrease of \$7.60 per week. Shipping employees lost \$8.52 per week. The average reduction in take-home pay at this plant appears to be about \$8.00 per week.

In Local 118 (Seiberling) the figures reported for a two-week period indicate a general reduction of approximately five hours a week.

In Local 136 (Gutta Percha) the figures reported indicate a general reduction in take-home pay equal to about \$240 per year, or \$5 a week, assuming 48 weeks' work during the year.

In Local 232 (Goodyear, New Toronto) where the shorter week has resulted in a loss of premium rates for the whole factory, the figures indicate a loss per week averaging approximately \$8.

In Local 296 (Dominion Rubber, Textile Division) earnings in 1943 and 1946 were compared, and indicate a loss in take-home pay of more than \$10 a week in some cases.

This is substantially more than the reduction in weekly earnings shown for industry as a whole in the figures published by the Dominion Bureau of Statistics, which indicate in manufacturing industries generally a shrinkage in weekly earnings from \$32.11 in March, 1945, to \$29.88 in March, 1946, or \$2.23.

Ability to Pay

The employers ability to pay wage increases without substantial increases in the price of goods produced or without any increases, powerfully strengthens the rubber workers' claim for a wage increase.

It appears that from 1943 to 1944 there was a substantial increase in the selling value of the products of each branch of the industries concerned.

The companies made clear in the hearings before the Commissioner that no falling-off in demand for their maximum production is anticipated for some time to come.

The only company in respect to which relatively full financial statements are published, and whose shares are listed on the Toronto Stock Exchange, is Goodyear Tire and Rubber Company of Canada Limited. In the case of the other companies the reports are in many cases not up to date and are incomplete; and, in the case of three private companies, no reports are available at all.

In estimating the effect of the proposed wage increases, and the cost of implementing the program the tax situation should be considered. As many

of the companies have been paying excess profits taxes and corporation taxes of 40 per cent, a large proportion of the increased cost will be taken care of by the recent cut in taxation, leaving the effect on distributable profits very much lower and in some cases negligible.

The high rates of depreciation which have been allowed and taken by the various companies during the war years must also be considered. Another aspect of the situation in respect to subsidiaries of American corporations, is that the true picture of the profitability of the operations of the Canadian companies to the parent companies which hold all or a substantial part of the stock, cannot be determined without taking into account royalties or other payments made to the parent companies on which the Union has no information.

In estimating the cost to the various companies of the seven-point program, the first item, the 20-cent increase in wage rates, is the most important.

It is difficult or impossible to make any accurate estimate of the costs of other points in the seven-point program, as the extent of overtime worked, etc., will vary.

The cost of the 20-cent increase may be roughly estimated for each company, by taking the total number of employees and assuming that each employee works on an average of 48 weeks in the year for 40 hours. Upon this the cost of the first point would be as follows:—

Merchants' Rubber	\$ 460,800 00
Dominion Rubber Co. Ltd. (Tire).....	460,800 00
Dominion Rubber Company Ltd. (Textile).....	38,400 00
B. F. Goodrich Rubber Co. of Can. Ltd.	537,600 00
Kaufman Rubber Co. of Can. Ltd.	192,000 00
Firestone Tire & Rubber Co. of Canada, Ltd.	537,600 00
Seiberling Rubber Co. of Can. Ltd.	115,200 00
Viceroy Manufacturing Co. Ltd.	96,000 00
Dunlop Tire & Rubber Goods Co. Ltd.	450,000 00
Gutta Percha & Rubber Limited.....	500,000 00
Goodyear Tire & Rubber Co., Bowmanville	249,600 00
Goodyear Tire & Rubber Co., New Toronto	960,000 00
Barringham Rubber Co. Ltd.	48,000 00
	<hr/>
	\$4,646,000 00

It is interesting to note that the Goodyear Company alone has built up surplus of over \$8,000,000 and that the 1945 profit after taxes amounted to nearly \$3,000,000.

In 1945 when there was an excess profit tax of 100 per cent with roughly 20 per cent refundable; the company paid \$1,856,000 on income and excess profit taxes of which \$176,258 was refundable. Subsequent tax reductions will place the company in an even stronger position.

It is therefore apparent that a large part of the \$1,210,000 required for wage increases on the scale asked for by the Union will be offset by (1) the effect of taxes, and (3) tax reductions, so that a very substantial net profit will be available for distribution. Attention is invited to the reserve for contingencies and the high depreciation allowance taken in 1944 and 1945, as well as the deferred surplus account created by the refundable portion of the excess profits tax, as appear in the Company's published statements.

This company, whose parent American company controls approximately 78.8 per cent of the total common stock, is certainly in a position to share its very great prosperity by meeting the reasonable requests of the Union.

To take another example from evidence submitted to Commissioner Cameron, in 1942 the parent company of Dominion Rubber showed an excess profits tax refund due to its Canadian subsidiary of \$196,314. This would mean that the excess profits over the standard profit would be five times this amount, or approximately \$1,000,000. If the improvement in the financial situation was

carried through in subsequent years, as the increased value of production would indicate was most probable, it would appear that the profits of the company were high enough to absorb the proposed increase in wages without difficulty.

This is one of the companies whose relations with its parent company, United States Rubber, would have to be investigated to determine the full measure of the profitability of its enterprise.

In the Seiberling Rubber Company, the increased wage sought, amounts to \$115,200. The refundable portion of its excess profits tax amounted, in 1944, to \$29,400, which would indicate total excess profits of roughly \$147,000 so that it is apparent that the increased wages could be paid by this company out of excess profits.

It is confidently submitted that a full examination will show the industry to be highly profitable during the war years and at the present time and therefore well able to pay wage increases without price increases.

If there is any question on this score, the companies concerned should make full disclosure of the facts with respect to their ability to pay.

The 40-Hour Week

The Union proposes time-and-one-half for hours worked in excess of eight hours per day, or 40 hours per week.

The companies contend that a reduction in the work-week at present is not practicable, as there is a great public demand for their products, and a lack of skilled workmen for additional shifts.

The rubber industry is one which, being on incentive rates almost exclusively, requires and secures the highest concentration of effort. In the United States there has now been a reduction to 36 hours a week with overtime rates paid after 40 hours.

Before 1939 an eight-hour day and 40-hour week was generally standard throughout the industry in the United States.

The increased productivity of the workers to which reference has already been made, should be reflected in shorter hours and greater leisure for the workers.

The Companies seem to agree that a general reduction of hours is advisable, and the Union emphasizes the greater productivity during the hours worked, which has in experience resulted from shorter hours.

It is submitted that if, at the present time, longer hours are necessary, they should be compensated for by extra pay, and the standard week should be fixed by agreement at 40 hours.

Double Time for Work on Sundays and all Holidays Proclaimed by Federal, Municipal or Provincial Governments

This request is designed to secure greater leisure and adequate rest for employees in the industry.

This provision appears in the Union's 1946 Agreement with the "Big Four" in the United States.

There are probably few workers who do work on Sundays, but if this is required they should receive a special premium.

The actual cost to the companies would be negligible.

Straight Time Pay for Holidays not Worked

The additional cost to the companies is not substantial, and this provision makes the holidays of lower paid workers in particular, an advantage rather than a disadvantage. For many years, office workers have been paid for holidays, and there seems no good reason why production workers should not receive reasonable consideration. There is no advantage in a holiday when it means a financial loss to the worker.

10-Cent Bonus on Second and Third Shifts

Those who have to work at night are put to inconvenience and disturbance of their habits, and consequent loss of health, as well as the loss of much family life. The practice of granting night shift premiums has become fairly general throughout mass industries in Canada.

As not much night shift work is likely to be done, the added cost to the companies of this feature will not be considerable.

Retroactivity

The claims of the Union and the Locals concerned were submitted to the Companies in October and November, 1945. The Union is not responsible for any delay that may have ensued. It is customary to make settlements of this kind retroactive to the date at which time the issue was opened; any other course would only serve to place a premium on delay in negotiations, a result which is not conducive to successful or harmonious collective bargaining.

Local 113 requested that increases be made retroactive to October 17. In the interests of a general settlement at this time, all the Locals concerned have asked that increases be made retroactive to November 1, 1945. This is the same date to which increases in the United States were made effective by the Big Four, and many of the other settlements followed the same pattern.

There are a number of points in Judge Cameron's report, dated June 26, upon which some comment must be made as follows:—

(1) Differences Within the Industry

Judge Cameron argues first, that wage rates should be compared on an area basis and, second, that products are too diversified to permit of treating the industry as a whole.

As to the first argument, the Wage Control order, to which Judge Cameron referred, has been amended so that wage rates need not be judged by local standards alone. The standard of what is fair and reasonable may be applied and ought to be applied. Judge Cameron's argument implies that a small-town plant may be excused for paying low and inadequate wages. The argument is completely unsound. Low wages in the small towns have resulted in the decline of small-town industries—not in their success. In any event the assumption that living costs in the smaller industrial centres is lower than in the larger centres is a questionable assumption and in many cases it is entirely unfounded.

As to the second argument that "the products of these plants are greatly diversified, and what might be considered fair rates for one would be quite unfair in others", the Commissioner's conclusion obviously is that such differences justify low wages in some plants. The Union contends that the principle is wrong and illogical. Other interests are not required to give special concessions to a plant because it claims to be weak; no bank, for instance, would be required to grant a lower rate of interest to a footwear plant because it is alleged to be less profitable than a tire plant. It is even more absurd to expect workers to extend special privileges to the same plant. Fair wages should be the first charge and not the last, upon the earning power of the plant. Wages should not be a competitive factor.

The Commissioner states: "At an early stage I indicated my views on the industry-wide approach to the President and General Counsel of the United Rubber Workers . . . and I understood them to agree that such an approach was not here practicable." The Commissioner misunderstood the statements of the Union representatives on this point and he was so informed before he made his report.

(2) *The Role of the Strategy Committee*

The Commissioner states: "It is very clear to me that the failure to reach satisfactory agreements was due to the over-all control of each local Union by the Strategy Committee". He also says that no local committee could make an agreement without the approval of the Strategy Committee.

The fact is that Local 132 did make an agreement with Dunlop's while the Commissioner was at work, and did so against the advice of the Strategy Committee.

In criticizing the local unions' policy of bargaining through one committee rather than through a dozen the Commissioner reports that: "The procedure here adopted by the Strategy Committee is not in my view consistent with ordinary bargaining practices or with the requirements of P.C. 1003".

The Ontario Labour Relations Board, which has been administering P.C. 1003 for over two years seems to interpret the order very differently from Judge Cameron. The Board frequently certifies an International Union instead of the Local Union as bargaining agency in a plant.

During negotiations the employers made it clear that they did not like to deal with the Strategy Committee and would prefer to deal with a local committee, which would not be as strong in a bargaining sense as the Strategy Committee. Judge Cameron adopted the employers' point of view. It is submitted that the workers have a right to choose the strongest form of representation for their collective interests. The local unions were certified or recognized as locals of the U.R.A.W. and they are entitled to make use of the machinery provided by their International and by their Canadian district, as is recognized by P.C. 1003.

(3) *Previous Wage Increases*

Judge Cameron states that "in every case substantial increases, ranging from 30 per cent to 80 per cent, have been granted since September, 1939".

Such comparisons are utterly misleading and fail to take into account the health and decency standards which are all-important.

Workers' earnings in the rubber industry during the depression years from 1929 to 1939 were unbelievably low. For example, a certain skilled worker regularly employed at Goodyear's New Toronto plant in the year 1931-32 received an average weekly pay of \$8.52, and this from one of the most successful companies in Canadian industry. It would be startling and impressive now to state that this workers' earnings have increased by 200 per cent, but it would simply mean an increase from \$8.52 to \$25.56, which is still far below a minimum health and decency standard.

A 30 per cent increase over a \$1 rate in 1939 results in a present rate of \$1.30. But an 80 per cent increase over a 1939 rate of 30 cents per hour (which was common enough in the rubber industry) produces a 1946 rate of only 54 cents, still far below the minimum requirements for maintaining a family.

These few examples have been given to illustrate the absurdity of comparing present rates with those of 1939 or other depression years.

(4) *The 40-Hour Week*

Judge Cameron states: "It was generally agreed that the 40-hour week is impracticable in plants where it is not now in effect . . ." The Union did *not* agree to this proposition and contends that the employers could, if they desired, reduce hours further and employ more people.

Judge Cameron expresses the opinion that overtime earnings are likely to continue for some time. This, together with off-shift premiums he expects "to result in substantial increases in take-home pay." The contrary is true. As previously explained, hours have already declined in the rubber industry with substantial losses in take-home pay. As for off-shift premiums, they are already in effect in some plants. To make them general would effect only a minority of the workers.

(5) *The 10-cent Pattern*

In the light of subsequent developments it now appears that the 10-cent maximum recommended by Judge Cameron was not the result of his enquiry and has nothing to do with the merits of the rubber-workers' claims. It was the same arbitrary 10-cent maximum which is now being urged as the pattern for industry generally. At the same time, it must be made clear that Judge Cameron's recommendations were so framed that even if they were adopted in toto a large proportion of the rubber workers would receive an increase of eight cents or less.

At best the Cameron recommendations fall far short of the minimum requirements of rubber workers to-day.

August 7, 1946.

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SESSION 1946
HOUSE OF COMMONS

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

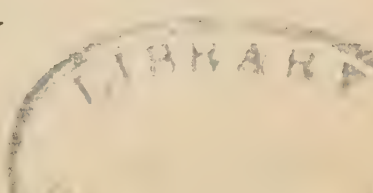
No. 17

FRIDAY, AUGUST 9, 1946

WITNESSES:

The Honourable Humphrey Mitchell, Minister of Labour, Ottawa, Ont.
Mr. Joseph MacKenzie, The United Rubber Workers of America.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

FRIDAY, August 9, 1946.

The Standing Committee on Industrial Relations met at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Bentley, Blackmore, Case, Charlton, Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, McIvor, Mitchell, Skey, Smith (*Calgary West*).

In attendance: Mr. Lieff, of Counsel for the Committee.

Mr. Lieff filed a brief viz. Statement of the Facts Pertaining to the Dispute between the UAW-CIO, and the Brunner, Mond Canada Limited, in Amherstburg, Ontario, and Canadian Industries Limited (CIL) in Windsor, Ontario. (*See Appendix A to this days' evidence*).

Mr. Johnston reported an inaccuracy in relation to a question of his, as contained on page 332 of the record.

The Chairman presented an Eighth Report from the Subcommittee on Agenda recommending that the Minister of Labour be the first witness at today's meeting.

After debate, on motion of Mr. Croll,—

Resolved,—That the Eighth Report of the Subcommittee on Agenda be concurred in.

The Honourable Humphrey Mitchell, Minister of Labour, was sworn and read a prepared statement.

The Vice-Chairman, Mr. Maybank, took the Chair.

The Minister of Labour was questioned on his statement.

The Committee adjourned at 5.30 o'clock p.m., until 8.30 o'clock p.m., this day.

The Committee resumed at 8.30 o'clock p.m. The Vice-Chairman, Mr. Maybank, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Bentley, Blackmore, Case, Charlton, Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Maybank, Merritt, MacInnis, McIvor, Skey, Smith (*Calgary West*).

In attendance: Mr. Lieff, of Counsel for the Committee.

Mr. Joseph MacKenzie, The United Rubber Workers of America, was called and sworn. He was examined on the brief printed as Appendix E to yesterday's minutes of evidence.

The Committee adjourned at 10.30 o'clock p.m. until Saturday, August 10, at 11.30 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
August 9, 1946.

The Standing Committee on Industrial Relations met this day at 3.30 o'clock p.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: Order, gentlemen.

Mr. LIEFF: Mr. Chairman, yesterday when a brief was presented by Mr. George Burt on behalf of the United Automobile Workers there should have been appended a statement of the facts pertaining to the dispute between the UAW-CIO and the Brunner, Mond Canada Limited in Amherstburg, Ontario and Canadian Industries Limited (CIL) in Windsor, Ontario. I would ask to be permitted to file that formally now.

Carried.

(Statement pertaining to Brunner, Mond Canada Limited and CIL appears as Appendix "A" to this report.)

The CHAIRMAN: Gentlemen, we have received from Mr. MacNamara, Deputy Minister of Labour a letter which reads as follows:—

OTTAWA, August 9, 1946.

Mr. MAURICE LALONDE,
Chairman,
Standing Committee on Industrial Relations,
East Block,
Ottawa

DEAR MR. LALONDE,—The members of the committee were interested in regard to the settlement of dispute in the interior of British Columbia.

A copy of a wire from Mr. Hugh Dalton is attached.

If it could be put on record it probably would be helpful to the members.

Yours very truly,

(Sgd) A. MACNAMARA.

I will ask the clerk to read the telegram so that we will have it on the record.

The CLERK:

CANADIAN NATIONAL TELEGRAPHS

VANCOUVER, August 9, 1946.

A. MACNAMARA,
Deputy Minister of Labour,
Ottawa.

Stuart will telephone you morning ninth regarding coast situation stop Judge Sloan states wrote you airmail special delivery July twenty seventh with complete analysis of prestrike rates as compared with rates payable under terms of settlement stop If information contained in that statement inadequate please advise and will endeavour to give any additional required stop Wage adjustments in all three districts in interior British Columbia have been mutually agreed upon with IWA and are now

subject of application to regional board stop To give you picture in brief would point out that in Cranbrook area which is typical out of seventy six categories final adjustment with union worked out as follows sixty six categories received increase of ten cents per hour four were increased twelve cents and two were increased thirteen cents one was increased fifteen one was increased seven and a half cents per hour and two were increased five cents per hour stop Union statement in regard to twenty two cents per hour increase based on one small operation in Vernon making excelsior pads and veneer apple box tops and who employ at peak of their operations eighteen men boys and women stop This company prior to strike were operating under regional board directive of some years standing which provided maximum rate of fifty five cents per hour stop Under terms of strike settlement this company were brought under IWA agreement and their minimum rate for common labour was set at that in lumber industry namely seventy seven cents stop Out of this companys total number of employees of eighteen five only will receive the seventy seven cents rate the others being in categories provided for in union agreement calling for lower rates as low as fifty five cents inclusive of the recent ten cents per hour increase stop Please advise if can be of any further assistance.

(Sgd) HUGH DALTON.

Mr. SMITH: Who is Hugh Dalton?

The CHAIRMAN: I understand that Hugh Dalton is the secretary of the Board of Trade of Vancouver.

Mr. JOHNSTON: Mr. Chairman, on a point of privilege: I noticed in the minutes of evidence, page 332, an error in the second line. I am recorded as saying, "we are not trying to get information from you and from the union"; that should read, "we are only trying to get information from you and from the union."

The CHAIRMAN:

9th August, 1946.

The subcommittee on agenda begs leave to present the following as an Eighth Report.

Yesterday, the committee decided to proceed today with cross examination in respect of briefs submitted.

Since then, the suggestion has been made that the Minister of Labour be heard immediately in rebuttal of statements made by Mr. Conroy.

Your subcommittee concurs in that suggestion and recommends accordingly.

Respectfully submitted,

(Signed) MAURICE LALONDE,
Chairman.

Mr. CROLL: I move the adoption of the report.

Mr. MAYBANK: I will second it.

Carried.

Mr. MACINNIS: Mr. Chairman, I wish to point out that the recommendation is by a majority of the agenda committee. Some of the members of the committee insisted that we should stand by the decision made here yesterday afternoon while Mr. Mitchell was present.

The CHAIRMAN: Mr. Mitchell, please.

Mr. MACINNIS: Mr. Chairman, before Mr. Mitchell makes his submission I should like to point out to the committee that Mr. Mitchell is in a rather peculiar position here. This committee will have to make a report and as Mr. Mitchell is a party to the dispute he cannot very well sit on the committee and make a report and also appear as a witness either for or against one or other of the parties who are engaged in this dispute, or engaged in the questions that we have been asked to decide upon. So I think he should decide now what he is going to do; to be a party to the dispute or to be one of the members of the committee that is going to deal with the matter in dispute and make a definite report to the House.

Mr. MAYBANK: Mr. Chairman, what that means is this: if any person who is a member of this committee has a statement made about him which he would desire to refute he must get off the committee in order to address the committee. I think that proposition is just so ridiculous that it hardly requires to be any more than just noticed.

Mr. MACINNIS: I don't want Mr. Maybank or anyone else to state my position here. I did not make any such ridiculous statement nor was I trying to have any member of this committee put in any such ridiculous position. If any statement had been made against Mr. Mitchell he has had all the time necessary to take advantage at that time to answer. Now then, if he comes before this committee he cannot come as a privileged individual who is appearing before this committee to make a submission to the committee and at the same time sit in judgment on the issue—

The CHAIRMAN: Does that mean you suggest Mr. Mitchell be sworn?

Mr. MACINNIS: Pardon?

The CHAIRMAN: Do you suggest that he be sworn.

Mr. MACINNIS: That is not the point I wish to make. I do not want to have any words put in my mouth or to have my words twisted. If he is going to be a witness he should be sworn the same as other witnesses have been sworn.

Mr. JOHNSTON: In regard to that I take a view somewhat the same as Mr. MacInnis has stated. I do not think there is any question of whether Mr. Mitchell is entitled to refute any statement that was made by the witness. I think any member of this committee has that privilege. I think Mr. Mitchell would be the first to claim that privilege, and I think he has had it as the committee progressed. But it does seem a little unfair to me that a member of this committee, should be able to address the committee and give a complete statement, or in effect to read a memorandum. If he does that, then I submit to you that any other member of this committee has the right to read a memorandum to this committee on his particular view in regard to this situation. I have not anything in mind about what Mr. Mitchell is going to say; but in fairness to all the other members of the committee, I do think that, if Mr. Mitchell is allowed this privilege, then every other member of the committee should be be given the same privilege to read a memorandum to the committee.

The CHAIRMAN: That is right.

Mr. JOHNSTON: If that privilege is going to be granted to every other member without interference, then that is all right. But I also want to say in regard to the steering committee's report, that it was not the unanimous opinion of the steering committee. The report that the chairman gave you was the majority opinion.

Mr. CROLL: Mr. Chairman, may I point out that I think there is one distinction we have overlooked. Not only does Mr. Mitchell read a statement but he submits himself to cross-examination, which makes all the difference in the world. Any of the rest of us could make a statement and that is the end of

it. But Mr. Mitchell, as I understand it, will submit himself to cross-examination and give us ample opportunity to refute or at least break down his story if we do not agree with it. I say under those circumstances he is entitled to do this.

Mr. JOHNSTON: If the same privilege is granted to every other member of the committee.

The CHAIRMAN: Absolutely. If you want to be sworn and make a statement here, you can do so.

Mr. GILLIS: Mr. Chairman, I think last night the consensus of opinion of this committee was that time was the important factor, to the extent that we did not want the witnesses coming before us today to read their briefs. We received their briefs last night in order to read them ourselves and in order that we might be able to question them this afternoon. I have no objection to Mr. Mitchell speaking except that I do not think he should speak before the people who were designated. I think we should hear or examine the representatives who are going to defend their briefs this afternoon; and after they are through I have no objection to listening to Mr. Mitchell. I say that from the standpoint of saving time.

The CHAIRMAN: Those in favour of the motion that the report be carried will raise their hands, please.

Mr. SMITH: What is the motion?

The CHAIRMAN: There is a motion here, moved by Mr. Croll and seconded by Mr. Maybank, that the report of the agenda committee be concurred in. Some objections have been raised by Mr. MacInnis and Mr. Gillis.

Mr. SMITH: May I say a word before you put the motion, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. SMITH: I should like to say this. There was an attack made on Mr. Mitchell by Mr. Conroy. May I say that with many of the things Mr. Conroy said, I agree. But I do think that in natural justice and in fairness, Mr. Mitchell should have the first opportunity of replying. So far as the other men who have presented briefs are concerned, I have been indirectly in touch with them and I do not think they are hurt at all by waiting a little while. I gave my undertaking in this committee and to them that if necessary—and that was yesterday—I would call them as witnesses, and I intend to live up to that undertaking. All we are interested in is a small matter of time. With respect to what Mr. MacInnis and Mr. Johnston said, I would point out that Mr. Mitchell is acting in two capacities. After all, he is the Minister of Labour. He is also a member of this committee. I do think, sir—and I hope we can get unanimity on it—that the fair thing to do would be to permit the minister to speak now. As far as these other men are concerned, I am sure if they were consulted they would not mind waiting in the slightest degree. The House is going to sit on Saturday, so we can sit on Saturday and tonight, if necessary. I do hope we finish the evidence this week. But I do think, with great respect, that the minister should have the first opportunity of replying to the things that were said against him. Incidentally, I intend to cross-examine him, because many of the things that were said by Mr. Conroy are absolutely unanswerable. On that basis I think we can all be in agreement. It is merely a matter of postponing for an hour or two the hearing of these other men. I think Mr. Mitchell should speak now. I really should like the committee to be at least unanimous on that, on the basis of the proper conduct of our business.

Some hon. MEMBERS: Carried.

Mr. GILLIS: No.

The CHAIRMAN: I will put the motion.

Mr. GILLIS: I cannot understand Mr. Smith's reasoning. Last night Mr. Smith was the man who made a motion; he wanted to expedite the business of

this committee and he suggested the filing of the briefs. Why not let Mr. Mitchell file his brief with the committee and give us an opportunity of studying it? Then after we are through with the other witnesses that I thought we were going to hear this afternoon, we could examine Mr. Mitchell on the basis of his brief.

Some hon. MEMBERS: Question.

Mr. JOHNSTON: Before the question is put, Mr. Chairman, may I say a word. I think, as I understood you, this just comes to a question of whether Mr. Mitchell should be heard now or later on. I do not think it is a case, as I understood you Mr. Chairman, of barring Mr. Mitchell from speaking.

Mr. MacINNIS: Oh, no.

Mr. JOHNSTON: It is just a matter of whether he is to be heard now or, according to the decision of the main committee last night, is to be heard afterwards.

Mr. GIBSON: Let us show the minister a little courtesy.

Some hon. MEMBER: Carried.

The CHAIRMAN: Those in favour of the motion please raise their hands. Those against?

Carried.

Mr. GILLIS: Don't let me hear anybody squawk about time any more.

The CHAIRMAN: Order, please.

Hon. Humphrey Mitchell, Minister of Labour, called and sworn.

The WITNESS: Mr. Chairman, I would like to preface my remarks to the Committee by a word of praise for the excellent and great effort put forth by labour, organized and otherwise, during the war. Men and women, regardless of their station in life, all over Canada gave unstintingly of their labour, and, I am sure, the unfolding of details of the sacrifices of individuals during the war would be a wonderful tale to read.

There were some groups, it is true, which saw fit to prefer a course of direct action rather than a compliance with the regulations; but these groups were a very small minority, and on the whole organized labour, both during and since the war, has carried on its legitimate activities in accordance with the law.

Organized labour will always receive my full support, and I believe it is time that those in authority should give due credit to unions and union officials.

Since the war, sections of organized labour and the government have not always seen eye to eye. There has existed a difference of opinion with respect to our wage control policy. The Canadian Congress of Labour in its memorandum submitted to the government last April, took a very definite stand on the matter. It declared that there was no longer any need for wage control in Canada, and added that wages should be left to the normal processes of collective bargaining. It went on to state its policy in these words:—

The Congress wishes to inform the Government that it has adopted a wage policy calling for a general increase in wage rates for the purpose of providing a higher standard of living.

At the same time the Canadian Congress of Labour insisted that price control must be maintained; also that subsidies on various commodities be maintained with a view to stabilizing prices.

As far as the policy of the Government and the Department of Labour is concerned, and my own convictions too, we have steadily maintained that there could be no effective price control without a measure of wage control. I put my own position very clearly in a series of three letters addressed to the Canadian worker and circulated to thousands in May, June and July, which I am taking the privilege of reading now.

In these letters I endeavoured to show with the utmost sincerity that we did not expect to control prices unless at the same time costs were kept down—and that costs could not be kept down if wages and salaries were uncontrolled.

The first letter is dated May 6, 1946.

OTTAWA, May 6, 1946.

To Canadian Workers

During the last war and up to today Canada has managed by means of price control to maintain a general price level in this country which has enabled wage earners to purchase goods and services at reasonable prices. This is in striking contrast to conditions in many other countries where, due to failure to control prices, the purchasing power of wages is much less than before the war and the standard of living lowered to that extent.

We did not have the same measure of price control in Canada during the first world war; and many will remember the very high prices paid for everything during that war and after—particularly after. It is revealing to compare the prices of the following few staple food items then and now:—

	<i>March, 1919</i> (cents)	<i>1920</i> (cents)	<i>March, 1946</i> (cents)
Butter, per pound....	58·0	74·8 (Jan.)	44·7
Eggs, per dozen.....	54·6	88·8 (Dec.)	43·8
Sugar, per pound....	11·9	25·0 (Aug.)	8·6
Bread, per pound....	7·9	9·7 (Sept.)	6·7
Milk, per quart.....	13·7	15·6	10·5

It must be borne in mind, however, that prices cannot be kept under control unless at the same time there is made effective a measure of wage stabilization. This is because wages form a very considerable part of the cost of producing the goods and services we all must use. Wages have value only in relation to their purchasing power. In other words, the real value of wages depends upon the amount of goods and services wages will buy. Obviously higher wages mean nothing if they are absorbed by higher prices. Increases in wage rates, where they cannot be taken care of by the employer out of profits, are bound to increase the costs of goods and services.

It was for this reason that during the war just ended the dominion government adopted what it considered a fair and reasonable wage control policy. Under this policy wages were stabilized but were not frozen. Thousands of wage rate increases were ordered by war labour boards; so that notwithstanding the adoption of a general policy of stabilizing wage rates, wages being paid today in the main occupational and industrial groups are the highest in Canada's history.

Under our wage policy legislation, a war labour board may direct any employer to raise wages if it can be shown that he is paying less than the going wage for similar work in his own or comparable locality. A board may also authorize an employer to raise wages on any other reasonable basis provided he can continue to sell his goods or services without raising prices.

If workers feel they are justified in seeking a wage increase, steps should be taken to have the matter submitted to the appropriate war labour board on which organized labour is properly represented. Every such application has the assurance of being considered on its merits. Strikes to support such applications are prohibited but this is a necessary safeguard to ensure the maintenance of the government's price-wage policy. In the long run, that policy has benefited and will continue to benefit the Canadian worker by protecting his living standards and avoiding any inflationary rise in prices, which would cancel the advantage gained by an increase in real wages during the war years and since.

The second letter is dated June 29, 1946.

To the Workers of Canada:

In my recent letter I stated that the government of Canada intended to continue its policy of preventing an inflationary situation arising which would bring hardship and suffering to our people. In doing this we must, for as long as it is necessary, maintain both price control and a reasonable measure of wage and salary stabilization.

It may be urged that increasing production of civilian goods in Canada has so reduced the pressure on prices that there is no further danger of inflation. Such a claim is not supported by the facts. The production of many civilian goods still lags far behind demand, and will continue to do so for some months to come. The change-over from six years of all-out war production to civilian production takes time. Factories have to be remodelled, new machinery and machine parts to be manufactured and installed, and stocks of materials to be built up before the assembly lines can start moving.

Notwithstanding this lag in production, there is today a high demand for civilian goods of all kinds. During the war years when everybody was working and earnings were high (the wage rate index in manufacturing rose more than 41 per cent between 1939 and 1944) production of civilian goods dropped to a mere trickle. Many necessary things, like stoves, refrigerators and other household goods, were almost unobtainable; and clothes and household linens were also hard to get. The buying public therefore put its money into victory bonds and in the savings banks until the war should be over and civilian goods would again come on the market.

These are some of the reasons why today demand and supply are still out of balance over a wide field. This lack of balance can be righted in one of two ways. One way would be to let go all controls and allow sharply rising prices automatically to check the demand for goods and services. As prices rose people with modest incomes would be forced to buy less, and production would not have to be increased nearly so much. But that is not the way to high employment and decent living standards. The other way, which is the one the government is following, is to keep prices in hand until supply can catch up with demand. This, of course, means keeping costs in hand as well, for prices are controlled by costs. But costs cannot be kept down if wages and salaries also are not under a reasonable measure of control.

Some people contend that price controls should be retained, but that wage controls should be abolished. I suggest to you that this is not possible. In fixing the prices to be charged for goods and services, the existing price controls fix also the earnings of many workers not usually included in the wage earners group. For instance, the price ceiling established for farm products limits the income that farmers receive for their labour.

The financial returns of small merchants and operators are similarly affected by the ceiling prices fixed for their merchandise and services. Rent control regulations, too, restrict the right of house owners to fix the rentals for their properties.

All of these controls, as well as wage control, are necessary parts of an effective price stabilization program. You will, I am sure, agree that it would not be reasonable to expect these other groups of people to be willing to operate under continued price controls if all wage controls were abolished.

It is true that the government has recently relaxed control over prices of certain goods, but in general such relaxation has been on goods that have come into such supply that competitive bidding on the part of buyers would not force up prices to an inflationary level. In the case of men's and boys' clothing, price increases have been permitted due to a number of factors which include increases in the cost of imported cotton, yarn and fabrics; abolition of wool subsidies and an accumulation of many wage increases that have been granted in the textile industry.

Such easing up of price control to meet changing conditions has been accompanied by an easing up also in wage control. As I explained in my last letter, the Wartime Wages Control Order, 1943, was amended in January, 1946, to give the war labour boards wider powers to authorize or direct an employer to increase wages. The beneficial effect of these wider powers have since been made evident in the operations of the war labour boards.

HUMPHREY MITCHELL,
Minister of Labour.

July 20, 1946

To the Workers of Canada:

In previous letters I outlined the necessary part played by price control and wage stabilization in the government's anti-inflation program. I also indicated that during the period of postwar re-adjustment the government would gradually ease up on both price control and wage stabilization as conditions warranted.

The latest move in the direction of decontrol has been to give the National and Regional War Labour Boards further latitude in the matter of wage rates.

The original Wartime Wages Control Order, passed in 1943, limited the boards to increasing wage rates only to the extent necessary to rectify "a gross injustice or gross inequality". In January of this year the order was changed to enable boards to authorize or direct increases in any wage rates which were found to be low in comparison with wage rates generally prevailing in the locality. Boards were also authorized to permit an employer to increase wages provided such increases did not involve increases in the prices of the goods and services which the employer sells.

By Mr. Smith:

Q. May I interrupt the Hon. Mr. Mitchell. I see all the Liberal members leaving this room which indicates there is a vote on; I was told there was one likely to go on and I said that I would not be there. Here we are with five people in a committee of thirty-five. I think if we are all to sit here and interest ourselves in this, that the members on the government side of the House should do the same as the rest of us. We have four here out of four, and I do not think it is right for those people to start trotting off for a vote. I see I was wrong, I see Mr. Dechene over here.

Hon. Mr. MITCHELL: There are some over here.

Mr. SMITH: There are two people. Let us go on. I simply draw your attention to it. I do not think it is playing ball, but I am going to stay here.

Hon. Mr. MITCHELL: You will have to check me if I go back.

Since January, changing conditions of the postwar period have justified further modification in the Wages Control Order. Accordingly, on June 20 the boards were given authority to provide for the orderly adjustment of wage rates on any just and reasonable basis, insofar as this may be possible without upsetting the stability of prices.

It is obvious that this wider authority given to the war labour boards to authorize wage rate increases must be used with considerable discretion if prices are to be kept from rising. For, as most people now realize, wages constitute a large part of the costs of production—and production costs affect prices. If, therefore, production costs rose to a point where manufacturers could no longer take care of them out of profits, then the manufacturers would be forced to do one of two things, either to charge higher prices for their goods or to stop manufacturing them. Either of these alternatives would start the inflation spiral, and it might not be long before we would be faced with a price situation similar to that which followed the first world war.

I am satisfied that the war labour boards will keep the situation well in hand, for these boards are composed of responsible representatives of both management and organized labour in Canada, and they have had much experience in administering this part of the government's anti-inflation program.

There are some people who argue that there is now no further need for wage control, even in a minor degree. But those who have made a special study of the problem of preventing inflation are convinced that some measure of control will be necessary for some time to come. This opinion has received support from an outside source. The *New York Herald Tribune*, in an editorial in its June 22 issue, in which a comparison was made in the handling of price and wage controls in the United States and in Canada, had this to say:

Canada showed the way to this country in bringing prices and wages under control during the war and is now, it would seem, giving us a lesson how to handle the task of decontrol during a period of reconversion.

The success of our anti-inflation policy during the war was due to the spirit of understanding and co-operation shown by all our people. All that is needed now is that the same level-headedness and patience, the same resistance to inflationary advances, shall continue during the period of reconversion that still confronts us.

Yours sincerely,

HUMPHREY MITCHELL,

Minister of Labour.

Coming to the dispute between the steelworkers and the three basic steel companies, it seems to me it can be outlined in very simple terms. We know what the wage demands of the Steelworkers' Union are; and we know that one of the companies is prepared to grant a wage increase of 10 cents an hour, that a second company is prepared to grant an 8-cent increase, and that the third company has made no offer up to the present. The Department of Labour, as has been shown in evidence here, offered to recommend to the appropriate Wage Boards that they issue a directive providing for an over-all wage increase of ten cents per hour.

The dispute hinges on the question of how much increase may be granted without creating a situation which would bring about inflation. This committee has heard from Mr. Donald Gordon that there would be reasonable hope of success if the general wage increase pattern does not exceed 10 cents per hour. But he was very definitely of the opinion that anything higher than 10 cents would create such a great pressure on the price ceiling that it would be his duty to tell the government and the people of Canada that it would be hopeless to make any further attempt to control the situation.

That is the carefully considered opinion of Mr. Gordon based on years of experience. But the opinion of officials of the union, as expressed in the evidence is that Mr. Gordon is wrong. They maintain that it would be possible to grant an increase of 15½ cents without breaking through the price ceiling.

It seems to me, gentlemen, that the question resolves itself into one of deciding who is best qualified to judge. I for one am of the opinion that the judgment of the man whose responsibility it has been to control the price ceiling through the difficult years of the war should be followed rather than the judgment of others who certainly cannot be said to be disinterested.

The price of failure is far too great for any chance-taking. During the past few weeks we have seen in the United States the results of an uncontrolled condition in so far as prices are concerned. A period during which relatively high wage increases were granted was followed by a lapse of authority on the part of the Office of Price Administration—the O.P.A. Almost at once prices jumped to such an extent that union leaders issued public statements expressing their alarm. My colleague the Right Hon. Mr. Howe has put on the record an article from the *New York Times* in which this statement appeared:—

The Congress of Industrial Organizations in general and the United Automobile Workers in particular have abandoned any thought at present of new wage increases in favour of an all-out effort to preserve the present purchasing power of the dollar.

Almost universally in every American publication that one reads comments are made in regard to the alarming increases in prices. I have been able to make occasional visits to United States points during the last few months, and, indeed. I was in one of our neighbouring towns during the week-end. From personal observations I would say that prices, according to our standards, are excessively high.

One comment I heard was that it used to be considered unlucky to be in possession of a two dollar bill—that is an American bill. Now it is found that a two dollar bill is a useful thing to have in order to buy one dollar's worth of merchandise. I submit that the experience in the United States should be a warning to us.

I would like to put on the record a few price increases recorded in the American Federation of Labor Weekly News Service issue of July 12, 1946, as follows:—

In the nation's capital, steak sells for prices ranging from \$1.10 to \$1.85 a pound.

Hamburger—Selling at 78 cents to \$1.00 a pound.

Pork chops—Upped to 94 cents a pound.

Rib roast—Reported available at \$1.25 a pound.

Milk—Selling at 22 cents a quart in some areas—that is an American quart, which would make it about 25 cents a quart here—with indications of further increases.

Rents—Up anywhere from 30 to 300 per cent in areas where no state or local controls are in effect.

Cotton—Increase of \$5 a bale in a single day.

Wheat—Jumps 17 cents a bushel in a day.

Shoes—Leather up 20 to 30 per cent above OPA ceilings, shoe manufacturers' prices up 8 and 9 per cent with prospect of further jumps.

A report by the Bureau of Labour statistics on wholesale prices of 28 basic commodities went up another point, to 233, or 17 per cent above the June 28, figure. Its primary market prices on 900 commodities went up 4 per cent in a week, the most rapid rise since September, 1939.

Dun and Bradstreet's index of 30 basic commodities rose to its highest point since the computation was begun in 1932.

I would like to say something about the criticism that has been levelled at myself because of efforts to prevent a strike in the steel industry.

Telegrams, letters and resolutions have come to me from trade unions protesting my action in appointing a controller for the steel industry. It has been charged against me that in making such an appointment I was taking sides with the steel companies against the workers.

My sole purpose in recommending the appointment of a controller was to prevent the strike that was impending, a strike which I knew then—and everybody knows now—might do the greatest possible injury to the nation's economy. It is difficult to see how any unprejudiced mind could construe an effort to prevent a costly strike as an attack against the steelworkers. It was hoped that the appointment of the controller would provide a "breathing spell" during which it might be possible to work out a settlement of the dispute. The commissioner, Mr. Justice Roach, you will recall, said in his evidence that he was working against time.

The plan of appointing a controller is one which has been urged upon me by organized labour and by members of parliament in almost every major labour dispute during the past year; and whenever we have used this device it has proved effective. Therefore, I cannot understand why there should have been a reversal of this attitude in the steel dispute.

I believe it was an error of judgment on the part of the Steelworkers' Union Committee that it did not accept the controllership and the breathing space during which a peaceful settlement might have been effected.

I believe also that the union leaders were wrong in deciding as they did to bypass the War Labour boards provided for by law and to take direct action, particularly when labour is equally represented on these boards with employers.

However it may end, a strike means a loss to the worker.

The steel strike began on July 15. At the end of next week, August 17, it will have lasted for five weeks. At the beginning of the strike the offer was made of an immediate 10 cent increase. If the offer of a 10 cent an hour increase had been accepted and the individual worker had remained at work, he would have, over the five-week period earned, at the basic rate including 10 cent increase, a total of \$178.80. If he now goes back to work and does not get any further increase, this money is entirely lost.

If he should get an additional increase of $2\frac{1}{2}$ cents an hour some time during the autumn or winter, the worker would have to work for 149 weeks, (i.e. about two years, $10\frac{1}{2}$ months), before the $2\frac{1}{2}$ cent increase would compensate him for the wages he lost during the strike. In other words, it would be the late summer or early autumn of 1949 before the striker would be in as good position in terms of income as if he had stayed at work and accepted the offer.

If, on the other hand, the strike should go on until the end of August, i.e., seven weeks, and the worker eventually achieved a $2\frac{1}{2}$ cent increase, he would then have to work for four years, until close to the end of 1950, at the new rate before he would have recovered salary lost during the strike.

Even if the present demand of labour for a $5\frac{1}{2}$ cent increase were granted the situation would still be that, on the basis of a five weeks' strike it would be

about 1 year and 4 months or about the end of 1947 before the worker would have recouped his salary losses; while if the strike went on for seven weeks he would have to work for 1 year and 10 months or until July 1948 before he would have caught up with his losses.

It is worth noting as well that these calculations are all based upon the basic rate of pay at Stelco and Algoma which was 64½ cents an hour for a 48 hour week at the time of the strike and with the suggested increase would have gone up to 74½ cents. Since a large number of the employees earn more than the basic rate of pay, their losses have been even greater during the strike period and the time that they would have to work in order to make up these losses on the basis of any further increase becomes even greater. In other words, the calculations suggested above, because they are based upon the basic rate of pay, are conservative and a substantial proportion of the union members would have to work even longer to recoup themselves.

As Minister of Labour I have always been careful in regard to anything that might appear to be criticism of actions taken by organized labour. But some sections of organized labour have not always been careful to be as fair to me. I am finding that whenever it suits the purpose of a particular union, a prompt attempt will be made to bring about what I can best describe as organized criticism of my actions. Take for instance my efforts to dispose of the dispute in the rubber industry, in connection with which Judge Cameron made a report recommending settlement. After receiving this report I had occasion to meet Mr. J. MacKenzie, the president of the United Rubber Workers' Union, and other members of the Union's committee, in the presence of Mr. Pat Conroy, the secretary-treasurer of the Canadian Congress of Labour.

During a discussion of Judge Cameron's report it was suggested that a copy of the report might be put in the hands of the employees of the companies concerned. Without hesitation Mr. MacKenzie agreed with this idea. Yet when it was done telegrams of bitter criticism came to my office, couched in many cases in the same language.

Some objection also has been made to the covering letter sent by me and I thought I might read it to you. There were about thirteen different companies and each received a similar letter.

OTTAWA, July 8, 1946.

To employees of the Dominion Tire Factory and Rubber Machinery Shops.

About six weeks ago the Honourable Charles Daley, Minister of Labour for Ontario, requested me to appoint an Industrial Disputes Inquiry Commissioner to deal with disputes between a number of Ontario rubber manufacturers and their employees.

In compliance with this request I appointed Judge Cameron, of Belleville as Commissioner.

Judge Cameron spent a month in Toronto trying to bring about mutually satisfactory settlements of these disputes and making an exhaustive investigation of the whole situation.

In submitting his report to me, Judge Cameron suggested that a copy of the report should be sent to each of the employees directly concerned. I discussed this suggestion with representatives of the companies and

officials of the United Rubber Workers of America, and they stated that they had no objection to this being done. I now send you herewith a copy of the Commissioner's report for your information and study.

In my opinion, the report offers a reasonable basis for the settlement of the disputes.

I am informed that if the Commissioner's suggestions were adopted, employees of the Dominion Tire Factory and Rubber Machinery Shops, would receive the following benefits:—

1. A general wage increase of about 8 cents per hour;
2. Time and one-half for hours worked in excess of 44 per week;
3. Straight time payment for 7 holidays when not worked;
4. A bonus of 5 cents per hour for work performed between 6 p.m. and 6 a.m. the following day.

I have already urged the management of the companies and representatives of the union to enter into negotiations at once on the basis of Judge Cameron's recommendations.

Yours sincerely,

(Sgd.) HUMPHREY MITCHELL,
Minister of Labour.

In regard to this committee I believe the review of the particular dispute we have been dealing with the opportunity given by the committee to the interested parties to present their views and the information given to the public through the press cannot be anything but beneficial. Members of the committee, I am sure, and the public generally, will have a more intimate knowledge of the difficulties in the way when seeking a solution of the individual disputes which occur.

I also hope that out of these hearings there will come a higher evaluation of the many successes attained by our conciliation service. Each year the Labour Department's conciliators settle hundreds of disputes, any one of which might easily have resulted in a strike. Outside the Labour Department itself, little is heard about these settlements, for it is the strike—not the settled dispute—which makes the headlines. A dispute which is settled is rarely "news".

Coming to Mr. Conroy's statement contained in his brief submitted to the committee I would like to make some specific comments.

On page 3 he speaks of the idea of industrial councils and says the government itself was hesitant about taking action. Any credit that could be given for the activity of the government in this connection is taken by him for his own organization.

The facts of the matter are that, had the government followed the proposals made at various times, industrial councils would have been imposed on industry and unions alike by compulsion. The government was not, and is not now, prepared to impose compulsion on either unions or industry in the matter of industrial councils.

The government followed the course of setting up a board representing the Departments of Munitions and Supply and Labour. This board, in my judgment, has done excellent work and as a matter of fact, Mr. Conroy is a

member of the advisory committee and knows full well that the government has not restricted the board in any way in its activities. Indeed, Mr. Conroy has written expressing his approval and I quote his letter:

THE CANADIAN CONGRESS OF LABOUR

April 24, 1946.

Mr. H. ROSS RUTHERFORD,
Executive Director,
Industrial Production Co-operation Board,
Room 232, Motor Building,
OTTAWA, Ontario.

DEAR MR. RUTHERFORD,—Thanks very much for your letter of April 20th, enclosing a copy of the April Bulletin, entitled "TEAMWORK IN INDUSTRY," together with a copy of the covering letter which went to the Chairmen of the Labour-Management Production Committees throughout Canada. This bulletin is both interesting and attractive, and should stimulate organization of new committees as well as the more efficient functioning of those now active.

I should like to take this opportunity to say that the Congress greatly appreciates the encouragement given by the government departments concerned to the establishment of Labour-Management Production Committees, and the continued interest which it is showing in them. We believe that the committees were of great value in promoting production during the war, and that they should be equally useful in the post-war period. Undoubtedly the committees have also improved labour relationships and rendered a highly important service to industry, labour and the people of Canada.

With all good wishes, I am,

Yours sincerely,

(Sgd.) PAT CONROY,
Secretary-Treasurer.

On page 1, and again on pages 3 and 4, the question of policy of the Canadian Congress is raised and the fact that the "Wage Co-ordinating Committee" was created by the Congress mentioned, yet nothing has been produced before this committee as to what the "Wage Co-ordinating Committee" recommended to its affiliated unions.

I am wondering how much of the responsibility for the "brushing aside" of the authority of the Wage Boards flows back to the "Wage Co-ordinating Committee."

On April 5, 1946, the Canadian Congress of Labour delegation made representations to the Cabinet and I would like to quote from the printed document:

Section 9 says: "the Congress believes that there is no longer any need for wage control in Canada."

Section 10 says: "Congress wishes to inform the government it has adopted a wage policy calling for a general increase in wage rates for the purpose of attaining a higher standard of living."

Section 5 calls attention to 300,000 people unemployed and "the situation is constantly growing more serious" and Section 11 provides for a forty-hour week or less without reduction in incomes.

Section 12 states "the Congress demands the abolition of the Wartime Wages Control Order."

Section 13 produces the theory that price control must be maintained despite the proposed abandonment of the Wartime Wages Control Order.

I suggest to you that we have reason here for believing that the policy of the "Wage Co-ordinating Committee" can be assumed to have followed the pattern of the memorandum and I venture further to suggest that the advice of this committee to the federated unions was to work on this theory; hence, followed the attempt to "brush aside" the Wage Boards.

Mr. Millard, when he came before this committee, admitted that there must be a degree of wage control. Mr. Conroy did not advocate the abandonment of wage control but he did say that he prefers his own judgment as to the amounts of increase rather than the judgment of the Wages Boards, even though there are labour representatives on the Regional Boards.

I refer to page 4 of the brief presented for the Congress and I quote: "We do contend that they are not, as the government theorizes, the only element,". The brief is speaking of wages and I would like to say that the government has never said or implied that wages are the only cost of any commodity and I challenge Mr. Conroy to show that the government has ever so stated.

On the same page Mr. Conroy says "the government continued with its rigid control of wages". There has been no rigid control of wages and evidence given by the Chairman of the National War Labour Board is quite sufficient without any further statement from me to disprove the idea that there was rigid control of wages.

I come to page 5, paragraph 4. The brief speaks of "the restraining influence of the leadership of those organizations". I wonder how many of you who have heard Mr. Conroy's evidence found any degree of restraint.

On pages 6 and 7 the suggestions which were made to the government are discussed.

Reference is made to the case before the National War Labour Board respecting the hotel employees of the Canadian National Railways and the Canadian Pacific Railway Company.

The statements made by Mr. Conroy are not in accordance with the facts. The National War Labour Board so I am informed never rejected the application referred to. The request was made by the board to take the application back and see if negotiations would not result in a mutually satisfactory joint application coming before the board. Exactly this was done, and the National Board approved of the joint application. These are matters of record.

The demand made by the steel workers has been before the employers for months and the demand has not changed. It is true that Mr. Millard has offered to take the increases in stages, that is, he is willing to accept an increase of 10 cents now and 2½ cents in October, and 3 cents on December 1, 1946, and in addition, time and a half for overtime after 44 hours per week, to commence from April 1, 1947. This later proposal still means an increase of 18 or 19 cents per hour which is close to the original demand.

I suggest to you gentlemen that the determination to fix the rate of increase was made last spring and has been deviated from very little. Indeed, strike votes to enforce the demand were taken as early as April and May, 1946, long before the B.C. applications were the consideration.

Now, gentlemen, let us examine the record. Mr. Millard in his own evidence (see page 20 of the minutes of the Committee) stated that the union's policy was adopted by a conference at Quebec city in October, 1944, 20 months ago and he went on to summarize that policy.

It was at the conference, then gentlemen, that the amount of increase which would be demanded was fixed and I call attention to this fact because I think it is important.

I also call attention to the fact that the increase then decided upon was not deviated from.

Indeed strike votes to enforce the policy were taken as early as April and May, 1946, and the negotiations since have been conducted under the continuous pressure of strike threat.

It is obvious that the union has been using the B.C. decisions and the increase in steel price simply in an effort to justify a policy which had been determined upon months before the event of either the B.C. decision or the steel price increase.

In his brief, Mr. Conroy (see page 8) attempted to infer that I had endorsed a 15 cent per hour increase as a yardstick for the settlement of disputes. I think my position was clearly stated in the House of Commons on July 5 and I quote from *Hansard* of that date:—

With the consent of the house I might announce that I have just been in conversation with Chief Justice Sloan in Vancouver. The terms of settlement in the strike in the interior area box factories in British Columbia are ten cents across the board; time and a half after forty-four hours, and a number of minor adjustments. The basic adjustment is an increase of ten cents an hour across the board, and I should like to say that I think that would be a very fair yardstick for the settlement of industrial disputes in Canada, where they are of a serious nature.

An effort has been made to infer that the so-called 10 cent line was simply an adaptation of the limitation fixed by the offer of the employers. I wish to put on record an emphatic denial of this allegation. My statement in the House of Commons above referred to, was made, I believe, before the offer of the employer of a 10-cent increase was made and certainly before I knew that the Steel Company of Canada had increased its offer from 5½ cents to 10 cents.

On July 5th, therefore, my position with respect to a ten-cent increase was made quite clear.

On page 9 of the brief of the Congress reference is made to a suggestion made in January, 1946, to the effect that the Government should encourage the granting of an increase of 10 cents per hour all across the board and it is stated that the Government did nothing about it.

The answer is quite obvious and it is that, had an increase of 10 cents per hour been arranged in January, 1946, the Government believed that an increase of 10 cents per hour across the board on January 1, 1946, would have broken the price ceilings.

Mr. Donald Gordon has given evidence to the effect that even to-day in the eighth month of the year it is very risky to concede a 10 cent increase. The risk would have been very, very much greater in January.

To infer that the government did nothing about the matter, however, is simply not true, because since that time the government made two amendments to the Wage Control Order, one effective in February and one in June. Both of these amendments gave the War Labour Boards much wider power and did exactly what the Congress requested the government to do, namely, "liberalize wage regulations".

A good deal of the discussion of the Congress brief is taken up in condemning Mr. Gordon's expert evidence. Anyone who heard Mr. Gordon's evidence could not be, I feel sure, other than impressed by it and form the opinion that they were hearing the honest view of a man who was putting all he had into his job of doing something which the Canadian people want done, namely, preventing inflation.

In conclusion let me say that it is not for me to tell this committee what to do; however, I will take the liberty of giving it as my opinion that the committee will be doing what the vast majority of citizens of Canada wish done if it gives its influence in support of the efforts of the Wartime Prices and Trade

Board to maintain prices and prevent inflation rather than lend its support to the Canadian Congress' policy of abolition of wage control and the consequent wrecking of price control.

The VICE CHAIRMAN: (Mr. Maybank) Are there any questions, gentlemen?

By Mr. Smith:

Q. Mr. Chairman, Mr. Mitchell did not deal with one allegation of Mr. Conroy's, namely that organized labour was not consulted with respect to the appointment of labour representatives on the various boards.—A. On the national board?

Q. He made that statement.—A. On the national board?

Q. On the national board. Perhaps you would like to make a statement with respect to that?—A. Sure. Mr. Chairman, in reply to Mr. Smith may I say that I had the task of organizing wage control in this country. I was chairman of the first National War Labour Board. On that board there were four representatives of labour; that is, one for the Trades and Labour Congress of Canada, one for the Railway Brotherhood, one for the Canadian Congress of Labour and one for the Canadian and Catholic Confederation or Syndicate, represented by an equal number of employers. When I became Minister of Labour, with all the other duties that were piled on me, I found it a physical impossibility to carry on being Minister of Labour and also chairman of the National War Labour Board and Mr. Justice McTague was asked to assume that duty. He suggested that the board be reduced to three, and that it be developed in the nature of a court. In the early stages of it, as I pointed out to the labour organizations, I thought that we might create a system of boards in this country similar to that which has worked so well in Australia. Mr. Justice McTague suggested that the board then be reduced to three. After consultation with him, the first three representatives were himself, Mr. J. L. Cohen, K.C., and Senator Bench. After a short period of time Senator Bench found that his health would not permit him to continue in that office and Mr. Lalonde was appointed. Let me say this to my hon. friend, that the situation is complicated in the Dominion of Canada in that you have four major labour organizations to deal with. As was pointed out by Mr. Conroy yesterday, and I think it is a fair thing to say, they are jealous of their prerogatives. We had to make a decision quickly, after the retirement of Mr. J. L. Cohen, in the appointment of the late Mr. J. A. Bell, vice president of the International Telegraphers' Organization, who was an original member of the War Labour Board. That appointment was made and I take full responsibility for its recommendation. Some months afterwards, Mr. Bell had a heart attack one evening and passed away. Then Mr. J. McClelland who also was an original member of the board and nominee of the Trades and Labour Congress of Canada, was appointed to fill the position of the late Mr. Bell. That is how the thing developed. If we had stayed with the old set-up, we could quite easily have appointed one from each dominant labour organization in Canada, but we were caught on the horns of a dilemma; and as I say, I take the full responsibility for that recommendation. I want to say this about Mr. McClelland, that he was the nominee of the Trades and Labour Congress of Canada. I might give some of his background. He has been a trade unionist, I think, for about 40 years. He was vice president of the International Association of Machinists, and was a member of the executive committee of the National War Labour Board when I was chairman; and when the board was reduced to three he was executive assistant to the chairman, along with Mr. George Hodge, who was a member of the executive of the original War Labour Board.

Q. Yes, but that is not what I have in mind. This complaint is not a new one. It is not raised now for the first time, is it? We have heard it throughout

the years with respect to the National War Labour Board and labour representatives. You have mentioned four major organizations. Could you not, for example, have communicated quickly with these people and said, "Can you not get together and name a representative to this board?" That would have been a very simple thing to do, would it not?—A. It is a simple thing just to say that, but it is not so simple sometimes in its practical application.

Q. Let us take the worst application you can find. You could very readily say to them today—what day is today—Friday—"by Wednesday I will appoint the person whom you name; if you do not do it I will name him myself." That is a part of your whole scheme, is it not? You appoint the chairman where they cannot agree and so on. That could readily have been done, could it not?—A. I suppose it could have been done.

Q. There is no doubt about it, is there? Why did you not do it?—A. I will tell you why I did not do it. If you were sitting where I am sitting there is a certain amount of—let me say this to you—

Q. I have got my own troubles. Do not absorb them all.—A. I said I took full responsibility for that. Let me say this in addition to that, that when I first came into the Ministry of Labour it was a comparatively small organization. There was a general demand for the appointment of labour representatives to boards and commissions. I think in the light of past experience there has been a tremendous increase in those appointments in the regional boards. I think there is a total on the boards themselves of about 50. It is quite simple. Take the province of Ontario where there is a 6-man board. It is quite simple. You have got the railroad brotherhood; you have got the Canadian Congress of Labour; you have got the A.F. of L. on that. If a man retires it is quite simple to reappoint one. In Nova Scotia where there is a 5-man board there is one A.F. of L. and one Canadian Congress of Labour. I am speaking now of the workers' side. Then you get into a province like Quebec where you have the Catholic syndicates. You really have four organizations there.

Q. Let us not worry about them.—A. That is all right, but let us get the picture. Probably one error in judgment has been made, and I am not agreeing it is an error of judgment. You should also get the overall picture, you understand.

Q. I am not being critical.—A. I am not suggesting you are.

Q. All right.—A. If I appear to be a little vigorous sometimes, I was raised in the same school as Mr. Conroy, and we have got this way of expressing ourselves.

Q. You did not go down the mine, daddy; that is the difference.—A. That is right, but I have been in places just as bad as that in my short life. I was raised in the practical school. My early life would compare very favourably with the early life of any man in this room on the basis of struggle and tough conditions. I do not take second place to any man for that.

Mr. MACINNIS: It is your late life that matters now.

The WITNESS: It is like yourself; you have had a very comfortable existence in the last sixteen years. The people on the outside think so.

Mr. MACINNIS: That is a good way to put it.

The WITNESS: People on the outside think so.

By Mr. Smith:

Q. This is still the answer to my question, I gather?—A. I want to say to my hon. friend it was not done, and I take the responsibility for it.

Q. All right. There is only the National War Labour Board and it consists of three people, and the simple fact is that the major organizations were not consulted with respect to that appointment; that is the simple fact, is it not? You had better call in some more troops.—A. I do not need them. When it comes to labour questions I do not need any assistance.

Q. That is a simple statement?—A. I would say—

Q. I am not saying you are wrong. It is a simple statement of fact?—

A. You get the point; it was set up as a judicial body of three members, and arising out of my experience at that time I do not know how you would have got an appointment that would have satisfied two, we will say, of the organizations. That is the difficult proposition in all appointments of that kind.

Q. All right, but they never even had a chance to disagree about it?—

A. That is true.

Q. That is a simple statement of fact. Following along I want to look at your first letter, at the end of the first paragraph of it. I have heard this so often. The last sentence reads:—

This is in striking contrast to conditions in many other countries where, due to failure to control prices, the purchasing power of wages is much less than before the war and the standard of living lowered to that extent.

I suppose what you are referring to there are the devastated countries, are you not? To what countries are you referring?—A. I am not. I would say Belgium. I would not call that a devastated country.

Q. It was pretty close to the war?—A. I would not call Great Britain a devastated country. They were pretty close to the war.

Q. Let us talk about Great Britain.—A. All right, let us talk about this continent if you want to get closer home.

Q. I will go for a trip with you anywhere you want to go. You mentioned Great Britain so let us talk about that. What is the situation there comparable to this country?—A. It is 1942; that was the last time I was in Great Britain.

Q. I have not been there since 1928. When were you there?—A. I was there in 1942. I would say they were back to the \$10 shirt in 1942 like they were in the last war.

Q. Great Britain was in the war.—A. So were we in the war.

Q. They were being attacked in the war. Things were being thrown at them. No doubt what you mean by that is the countries actively engaged in the war. I mean being shot at; that is what you mean?—A. Oh, absolutely not.

Q. Let us come to this continent.—A. All right; I have not got the figures with me, and I cannot speak from memory. There are too many countries.

Mr. GILLIS: Under oath.

The WITNESS: That is all right; I wish sometimes my good friend was put under oath.

Mr. GILLIS: I am not silly enough to get into the position you are in right now.

The WITNESS: Do not let us lose our sense of humor.

Mr. GILLIS: I tried to get you out of it.

The WITNESS: I would say the United States, Mexico, Chili, Venezuela, Brazil, Uruguay, Colombia, and all countries on the north and south American continent.

By Mr. Smith:

Q. Are you sure of your facts?—A. Absolutely; I will bring the figures tomorrow if you wish.

Q. I wish you would. I do not think you are right.—A. I know I am right.

Q. We will leave that for the figures.—A. I will give you the figures now. Let us have the figures. This is June, 1946, for Canada, 122·6. United States, 133·4; that is May, 1946. United Kingdom, May, 1946,—

Q. You do not suggest we are better off in view of the wages paid, do you?—A. I think we are better off, sure.

Q. You do?—A. Absolutely.

The VICE-CHAIRMAN: Mr. Smith, let him continue if he starts to answer a question.

The WITNESS: It is all right.

Mr. SMITH: I think if you would address that remark to a lot of other members of the committee and impress on the witness that he might answer my questions your criticism would be very sound indeed.

The VICE-CHAIRMAN: I was not offering any criticism. I was only directing you to allow the witness to answer the question. There surely cannot be any objection to a comment like that from the chair.

Mr. SMITH: May I say I appreciate your advice now as I always do.

The WITNESS: Canada, June, 1946, 122·6; United States, May, 1946, 133·4; United Kingdom, May, 1946, 131·6; Australia, March, 1946, 123·7; India (Bombay)—

By Mr. Smith:

Q. Is there any increase between March and May?—A. I have just got the one month; that is all. India (Bombay), October, 1945, 230·5; South Africa, April, 1946, 135·9; Eire—I do not think they were in the shooting.

Q. Eh?—A. Eire, the south of Ireland, February, 1946, 169·9; Mexico, April, 1946, 250·2; Chile (Santiago), January, 1946, 241·4; Switzerland, April, 1946, 149·6; Iceland (Reykjavik), April, 1946, 276·7; and Egypt, December, 1945, 285·9.

Q. I do not want to create an international incident, but the English speaking countries you have mentioned, roughly compared, are very much on a plane with us. It seems to me rather difficult to compare the cost of living in Canada with a place like Mexico where they live on hot tamales and rice and things like that. Now, at the bottom of page 3, you say:—

The Congress of Industrial Organization in general and the United Automobile Workers in particular have abandoned any thought at present of new wage increases in favour of an all-out effort to preserve the present purchasing power of the dollar.

There has been a considerable development since then?—A. There has been a good deal of development since that time.

Q. Yes, much further than you have it in your quotation. Then, on page 4—we are learning a good deal about prices—I gather that is put in there to show the dangers of inflation.—A. It is from an A.F. of L. publication.

Q. I am not disputing it. If you had told me that without that I would have believed you; but the object of it is to show what happens when we lose control. Now, on the next page, you say:—

My sole purpose in recommending the appointment of a controller was to prevent the strike that was impending, a strike which I knew then—and everybody knows now—might do the greatest possible injury to the nation's economy.

You might let a few of us in on that; most of us knew that, at that time. Steel is at the basis of our industrial organization. Then you go on:—

It is difficult to see how any unprejudiced mind could construe an effort to prevent a costly strike as an attack against the steelworkers.

May I say that I agree with you.

It was hoped that the appointment of the controller would provide a "breathing spell" during which it might be possible to work out a settlement of the dispute. The commissioner, Mr. Justice Roach, you will recall, said in his evidence that he was working against time.

You say that the purpose of the appointment of the commissioner was to create a breathing spell. Do you want to confine yourself to that?—A. If you would let me explain.

Q. I would like to have your explanation.—A. Well, you may be thinking along different lines to myself. Let me put this to you: I think it was a month prior to his actual appointment that I had indicated to my officials that I would appoint a controller at the end of what we thought was a period of negotiations between the companies and the unions; and Mr. Justice Roach was appointed. I should say Mr. Commissioner Roach.

Q. I am talking about the controller; I think I said controller in what I read; am I not right?

The VICE-CHAIRMAN: Yes, you are right.

By Mr. Smith:

Q. I am told that I used the word "commissioner".

The VICE-CHAIRMAN: You probably did.

By Mr. Smith:

Q. But what I had been reading from—yes, it was controller; "It was hoped that the appointment of the controller would provide a breathing spell." It is the controller I am talking about, not the commissioner.—A. I will tell you why we did it.

Q. My question is, are you limiting yourself that the purpose of the appointment of the controller was to get a breathing spell? Is that what you really meant?—A. A breathing spell to permit a settlement of the dispute. I might trace the history, if my memory serves me. As I said before in the House of Commons, many labour organizations have requested the appointment of controllers; and in every instance where a controller was appointed a satisfactory agreement, a mutually satisfactory agreement, came out of the appointment. Now, as Mr. Justice Roach said, he was racing against time and so were we ourselves. This dispute, that warranted the appointment of a commissioner, first came into the department a couple of days, I think it was, before the appointment of Mr. Justice Roach; and I still feel it is a matter of opinion, or a hunch, as somebody has called it. A good deal is done with hunches in this world and the perfect fellow has not yet been born, not to my knowledge. We did feel that Mr. Justice Roach would have been able to conciliate that dispute and, I would say, for the reason that he had appeared on fifteen previous conciliation boards.

Q. You have told us that before.—A. And he made it possible to settle the nickle dispute in Sudbury, where they got the Rand formula and an increase of 10 cents an hour, and 8 cents in Port Colborne; and we felt, as a matter of judgment, that Mr. Justice Roach would be able—to use the language of the street—to pull the dispute out of the fire. We thought that by putting in a controller we would prevent a walk-out or a lock-out, in order that more time would be given to Mr. Justice Roach in order to make a satisfactory recommendation both on the part of labour organizations and the companies concerned. It is just as simple as that.

Q. What I am getting at is this: in your brief at page 5 you say—

It was hoped that the appointment of the controller would provide a "breathing spell" during which it might be possible to work out a settlement of the dispute.

My question to you was: Did you want to limit yourself, that the purpose of the appointment of a controller was only to provide a breathing spell? I had always thought that when a government appointed a controller in a plant, the government, the highest authority in this country, controlled and operated

that plant, and that "government controller" meant exactly what it said and was not just a subterfuge to find a breathing spell, or something of that kind. Won't you go with me on that? I will withdraw the word "subterfuge" and use the word "expedient".—A. Call it whatever you will.

Q. Say "expedient."—A. I can only say this to you, Mr. Smith, that experience is a great teacher. Controllers were appointed in other disputes.

Q. And they succeeded.—A. And they succeeded; and now in this dispute he did not. It was one in which we were not successful.

Q. It creates a tremendously serious situation when a government controller does not succeed, does it not?—A. That is the risk you take.

Q. I know, but it does create a tremendously serious situation; right?—A. Surely; that is the risk you take.

Q. But it does, doesn't it?—A. If you want me to say "yes", I will say "yes".

Q. I wouldn't want you to say yes if it did not mean anything. Now, turning to page 6:—

The plan of appointing a controller is one which has been urged upon me by organized labour and by members of parliament in almost every major labour dispute during the past year.

I agree.

Then you go on to say: "and whenever we have used this device it has proved effective". Now, I do not think the word "device" is well chosen if I take the proper conception of the seriousness of the job of putting a controller into an industrial plant. At the bottom of the page you are referring to the 2½ cents. I ask you this question: is that taken there as 10 plus 2½?—A. 10 plus 2½, yes.

Q. I was not quite clear what you meant. Now, on pages 6 and 7 you go on to make a very interesting computation of what the losses would be and then you read a letter.—A. It has gone into the record. I could probably remember it.

Q. It has gone on the record, has it?—A. Yes.

Q. On page 9 at the bottom of the third paragraph you say: "The government was not, and is not now, prepared to impose compulsion on either unions or industry in the matter of industrial councils." There I agree with you; but that has not been suggested, has it—the imposition of councils by legislation—or is my memory wrong?—A. Yes, it has been suggested to me. I meet so many delegations.

Q. In this hearing?—A. Not in this hearing, no. So many people think that by passing a law everything will be fixed up. It does not work that way. I believe in the old British principle that the fewer laws you have sometimes the better off you are.

Q. Now, on page 9 I read this: "The government followed the course of setting up a board representing the departments of Munitions and Supply and Labour." What was the name of that board?—A. There were so many boards in the government service.

Q. This is Mr. Howe's board. Perhaps he can tell me?—A. I think it is the Industrial Co-operation Production Board. It is under my direction.

Right Hon. Mr. HOWE: The Industrial Production Board.

The WITNESS: The Industrial Co-operation Production Board.

By Mr. Smith:

Q. That is the title?—A. Yes.

Q. Now, on page 10 you said something which I think requires expanding. I am referring to the second paragraph: "I am wondering how much of the responsibility for the 'brushing aside' of the authority of the wage boards flows

back to the 'Wage Co-ordinating Committee'." By that did you mean to charge this co-ordinating committee with the responsibility for going around the war labour boards, both the regional and— —A. I don't know. I think that inference could be taken from Mr. Conroy's statement yesterday. They have gone around these boards when they said 15 or 15½ cents and we will go back to work.

Q. Definitely, you are fixing the responsibility there on one committee, I gather?—A. When you find, Mr. Smith—I think that is a fair conclusion to come to—when you find that all these organizations have deliberately and without any equivocation by-passed, not the National Board, you understand, but first of all the regional boards which Mr. Conroy gave some small measure of credit to yesterday.

Q. My point, Mr. Mitchell, is this: this is a brief which you have prepared and I wonder if you are in favour of using language like this: "I am wondering how much of the responsibility for the 'brushing aside' of the authority of the wage boards flows back to the 'Wage Co-ordinating Committee'." It would have been very simple to say in your opinion the responsibility rests with them, but wondering—that is what you meant, is it not? Now, turn to page 11. There is something here I do not understand. You say, "The statements made by Mr. Conroy are not in accordance with the facts. The National War Labour Board never rejected the application referred to. The request was made by the board to take the application back and see if negotiations would not result in a mutually satisfactory joint application coming before the board. Exactly this was done, and the National Board approved of the joint application." These are matters of record?—A. Yes.

Q. Will you give us the record?—A. Yes.

Q. So that we may have them for ourselves and may be able to judge as between you as to who would be the more accurate.—A. I shall be glad to do that.

Q. You will make that information available?—A. Yes.

Mr. GILLIS: When would you have that available?

The WITNESS: To-morrow morning.

Mr. GILLIS: I was informed that that statement is not in accordance with the facts.

The WITNESS: I was informed that it was. I can only go on the basis of my information given by responsible people.

By Mr. Smith:

Q. May I say to my friend Mr. Gillis that Mr. Conroy says one thing and Mr. Mitchell says another. They are diametrically opposed, so let us get the record and find out who is right about it. The record will no doubt show. That is my object in asking for the record—to find out who is right.

Now, on page 13, in the middle of the page, I see: "It is obvious that the union has been using the B.C. decisions and the increase in steel price simply in an effort to justify a policy which had been determined upon months before the event of either the B.C. decision or the steel price increase." Can you think of any reason why they should not? I cannot. Say, I want to buy those large glasses of yours for \$10— —A. You would not get them.

Q. I know. I would not want them at any price. And then, let us assume that I saw a lot of other fellows and they told me they had better glasses than yours for \$10, there would be nothing wrong with that argument, would there? Is not that what the people are doing here: saying we would ask this; yes, and there are instances where this was given—is not that all they are doing?—A. I do not think so.

Q. Is there anything wrong with it? You said no. I would like Mr. Gibson to tell me where I am wrong, or anybody else. However, the minister says he

does not think so. Why do you not think so?—A. For this reason, that those demands were set in—I think I have the date—1945. Now, if I can give you an analogy. I met a delegation of workers from my own riding who struck in the Electro-Met. They were a part of this wage negotiating committee of the Canadian Congress of Labour. They said—and I am not saying anything that has not been said publicly—they said: Millard had sold them down the river—that is the language they used—and he had joined up with myself and Donald Gordon. They said: “We are gonig to stay out until we get 25 cents an hour.” And now, that decision was made, I assume, away back in the spring. Now, this decision on the part of Mr. Millard’s organization was made, I understand, in Quebec, 1945. That date is in my memory—1944, I should say.

Q. My point is this. I do not think you will disagree with me, that if I decide in 1944 that I want something then I can point to half a dozen people between then and now who got that very thing. Why is it not a good argument that I say right out what I want? That is all I have in my mind. I did not say that the union should be criticized in any way for using the B.C. position for all it is worth. Incidentally, do not think that I am stating my position at all; but as an argument I see nothing wrong with it in our case.—A. Well, that is a matter of opinion.

Q. Ah! We will let it go at that. Now, at the bottom of that page you speak of the statement you made in the House of Commons, and I might refer to some other statements of yours in the House of Commons on this matter of wages. I don’t suppose you dispute for a moment the accuracy of the statement made in the brief?—A. I would just like to say this, if I may; my honourable friend knows the tense condition at that time, and I suppose he knows the real food situation there in British Columbia, and Mr. Justice Sloan called me while I was in the House and I went out and spoke, and that was the language he used; and I thought particularly the British Columbia members would be glad to learn that the farmers were at last getting containers for the record breaking food and fruit crop which was in British Columbia at that time.

Q. May I say, Mr. Minister, that I have great sympathy for what you have said and the circumstances under which you were acting. Here we were going to lose the whole of the British Columbia fruit crop. Most people would have given anything. You came to the House and said that a solution had been found to settle that dispute, and you probably went a little bit further than you intended.—A. No, I did not.

Q. You said it was successful and sound. I was trying to agree with you on that, but perhaps that only implies that you might have gone a little too far.—A. But the statements, Mr. Smith, that have been made about myself and Gordon being tied up, and so on let me say this:—

Q. I mean, this announcement.—A. —that is mere tripe. It is nonsense. As I said at that time, you have to act quickly when you were dealing with big problems right across the board like I have to, not only in labour disputes. I thought I was rendering a service to the labour organizations of this country in getting that ten cents. You can take that for what it is worth, but I believe it.

Q. Have I ever said that I am accusing you of bad faith? If that time ever comes I will give you at least a week’s notice so there will be no question about it. And now, I want to talk to you about one thing. You say this is a question of judgment, and I believe it is a question of very bad judgment; that is, in the price control set-up you accept Mr. Gordon’s statement as to the condition of liaison or lack of it between the two organizations?—A. Well, I would say, yes.

Q. Then what is your view? Don’t you think that might have been done?—A. I think this about it—I don’t know whether I should say it. I have my own opinions about free economy, but I am not going into that. I think Gordon has

a tremendous job on his hands. It is all very well to get up here and say his judgment is unsound, is obscure, that sort of thing. That is the easiest thing to do.

Q. Heaven absolve me from anything like that.—A. Mind you, I think this about it, that I do not think it could have existed. To be frank with you I did suggest at one time it might, myself; but they did not think it was practical. It has been suggested. He has a big organization. He is dealing with entirely different people than those with whom I am dealing; but I might say this, people who are more easily handled than the people whom the War Labour Boards have to deal with. And I do not say that in any critical sense, but the proof of the pudding is in the eating. In the over all picture I think it can be admitted that the machinery devised by Gordon, and I suppose myself—taking the over all picture—has worked reasonably well. And now, let me say this also, if I may, that you have had to do it as a lawyer. This whole price control theory and wage stabilization policy has never been tried before outside of countries where if you do not do as you are told you do not wake up the next morning.

The VICE CHAIRMAN: You wake up dead.

The WITNESS: And some people would like that way of doing business in this country.

By Mr. Smith:

Q. What do you mean, gangsterism or something like that?—A. You know what I mean. You have been long enough at this game to know what I mean.

Q. I want to wake up to-morrow morning. I just want to protect myself.—A. It was a jump in the dark. We sat down with a plain piece of paper, under the impact of war along with all the other things we had to do, and we devised this system of price control and this system of wage stabilization. In connection with wage stabilization, we had to get the provinces to give up their jurisdiction during the war period.

Q. Yes, I know that.—A. At that time some of them were very jealous of their jurisdiction and still are. As I say, taking the overall picture, I think the policy has worked reasonably well. We will put it on that basis, and no more.

Q. I want to ask you a simple question. You have said before this committee more than once that in order to control prices you must be able to have control of wages and control of prices. They must work together. How can they possibly work to the greatest degree of efficiency together, one being interdependent on the other, without a central authority to take in both sides of the picture? How can they possibly work efficiently without that?—A. All right. You get an application before a regional war labour board. The trade union or the men's organization put their case before the board. Then the employer comes along and puts his case before the board. Now, I think they are ordinary human beings just like ourselves. I think that board can make up its mind as to the impact of the request for a wage increase on the economy in a common sense kind of way. I would rather have those people than some of these third-rate economists who are advising people in connection with price control at the moment.

Q. You can have all those little jibes at people you want to have, but get to my question sooner or later, will you?

Mr. MACINNIS: It is easier to jibe at people than to answer your question.

The WITNESS: If you get six men, we will say, in British Columbia who understand the economy of that province, who understand the impact of wage increases on the economy of that province, I think they are better able to judge, after hearing from both the employer and the employee, as to the decision they should make.

Right Hon. Mr. HOWE: Mr. Smith, may I ask one question at this point?

Mr. SMITH: Yes.

Right Hon. Mr. HOWE: You said, or rather are assuming it is a fact, that Donald Gordon said there was no coordination between the wage control and the price control. That is your statement. I heard Mr. Gordon's evidence and I did not hear him say that. Can you give me one example of what you mean by lack of coordination between the two?

Mr. SMITH: Yes. He said this, Mr. Howe. I know that you have manifold duties and that you were not here at the time he said it. He said that he had never been consulted even once with respect to wage applications before the National War Labour Board as to the effect it might have on his job of controlling prices; not once had he been consulted. I think members of the committee will agree with me that is an accurate statement of what Mr. Gordon said; and hence the questions that I have been asking of the Minister of Labour.

By Mr. Smith:

Q. So, Mr. Mitchell, I am going to try it once more. Oh, you are busy?—

A. Oh, no.

Q. I am going to try it on the converse side.—A. All right, go on.

Q. Then my question to you is whether or not these boards could have worked efficiently if some coordination had existed, because you have so often said that one affects the other. Then you take the negative position and say that you can see no reason for such coordination.—A. Mr. Smith, if my mind goes back—

Q. That is my last question.—A. That is all right. What we are trying to do is exchange opinions.

Q. Exactly.—A. Absolutely. When I was chairman of the National War Labour Board we did have a liaison. I think it was Professor Kemp who used to sit as an observer during the operations of the board. That was withdrawn later on. I think Professor Kemp was seconded to another department, but I think that the various regional boards have acted with expedition, may I say, good sound judgment and common sense. I might say this, too, while we are discussing this point of view, that this thing by its very nature cannot be an exact science where you are dealing with human beings. I do not think you can completely jam the lid particularly at this time on prices, and neither can you completely jam the lid on wages. I do not think that is possible. That is why I have advocated a gradual development in an evolutionary way from control of wages as they existed a year ago to how they exist to-day where the joint recommendation of the parties concerned is given very serious consideration by the board.

Q. I agree with you it must be flexible but still I would like them to meet some place like the tip of my fingers there so one would know what the other was doing.

By Mr. MacInnis:

Q. There may be time for a few more questions before we adjourn. The issue now is largely one of wages. The issue in all these strikes is practically one between 10 cents and 15 cents.—A. And union security.

Q. And union security, but I believe the wage question is the chief one because my understanding is that if the wage question was settled the matter of union security with most unions would be referred to an arbitration board because a pattern has already been set there. I think what you are trying to do here on page 13 of your submission is to cast the doubt on the application of

the steel workers that the application for increased wages is not one arising out of the present circumstances but one that was arrived at back in 1944. You say:—

It is obvious that the union has been using the B.C. decisions and the increase in steel price simply in an effort to justify a policy which had been determined upon months before the event of either the B.C. decision or the steel price increase.

Is that your position?—A. Sure.

Q. That is your position? Well then, we will try to get you to justify the B.C. decision. On the same page of your brief you have the statement you made in the House on July 5th after your conversation with Chief Justice Sloane, and the terms of settlement—I won't read the whole thing—

The terms of settlement in the strike in the interior box factories in British Columbia are 10 cents across the board—and a number of minor adjustments.

There was a telegram read from Mr. Dalton, today. That telegram is something much more than this.—A. Frankly I did not—you can come back to that tomorrow morning; I shall be here tomorrow morning.

Q. You ought to read it.—A. I will be here tomorrow morning.

Q. You forgot the other statements you made in the House; they are not included in your brief, the statement not referring to the 10 cent increase but to the 15 cent increase. I will read them as they appear in Mr. Conroy's brief.

The VICE-CHAIRMAN: What page, Mr. MacInnis?

Mr. MACINNIS: It is page 8 about half way down the page.

It is rather peculiar that Mr. Mitchell should make this statement only a few weeks after the settlement in British Columbia, which was negotiated and recommended by a government conciliator in the person of Chief Justice Sloane. Why there is this contradiction, we are frankly unable to understand. Why an increase of eighteen cents an hour was not decried by the Minister of Labour as inflationary, but was allowed, and is now being theoretically banned, passes our comprehension.

We are especially mystified in view of the fact that the minister three times, publicly, gave the Sloane award his enthusiastic blessing, and twice,—”

The WITNESS: I never said that.

By Mr. MacInnis:

Q. I am going to quote you correctly:—

publicly, urged the union to accept it. On June 4, he told the House of Commons: “I believe it is sensible, it is fair, and it is sound. I hope the I.W.A. will have the good sense to see to it that they recommend it to their membership.” (Hansard, page 2217).

That is, on June 18, he quotes you as saying this:

Chief Justice Sloan . . . has made a recommendation for an increase of 15 cents an hour. . . . These proposals have been accepted by the operators. In my judgment they are fair and reasonable and should be agreed to by the men. I would urge upon them that they adopt the proposals and go back to work. It is my earnest wish that members of this House use their influence to bring about an acceptance of Commissioner Sloan's proposals and a return to work. (Hansard, page 2682.)

Now, are Mr. Conroy and Mr. Millard unreasonable when they approve of the proposals that you have so enthusiastically approved? And what is wrong with their approving of those proposals?—A. Well, let me say this to

you, Mr. MacInnis; you know the situation in British Columbia just as well as I do; you know the position of that organization and you also know that the people of British Columbia had a gun at their head and there was millions of dollars worth of food that would have been spoiled; and my chief responsibility at that time was to see to it that the farmers got the containers to which they were justly entitled, and that British Columbia could be fed. It is quite easy, you understand, now that the crops are out—and I am not defending what I am going to say—it is quite easy, six weeks after the event, for you to put a question to me like that. But when a nation is on the spot, it is an entirely different thing. Let me say this: that I know something about disputes between organizations. This has been said by other people, but it is known by myself that most of the lumber that is cut in British Columbia is for export, and as I have explained before, or as somebody has explained, that the lumber industry is a seasonal industry and as in all seasonal industries, prevailing wages are always higher than they are in the sheltered trades. You see that in the building trades and also in the lumber industry. In that industry there is no shift of differential, for instance, such as they have in many other industries. I would repeat what Mr. Gordon said—and I believe it—that the people of British Columbia will be sorry—you understand, sorry for the condition, when this period has rolled away, and they have to compete with other people in the markets of the world.

By Mr. MacInnis:

Q. I am not finding fault with you, Mr. Mitchell, but I want you to justify this; if you had come to this with a gun at your head, would it not have been the obvious thing to be honest, and not to say in the House of Commons that it was fair and reasonable and just and that you advised people to take it?—

A. Do not forget, Mr. MacInnis, that at the time I said that I was trying to talk to the men, not to the leaders; I was trying to go over the heads of the leaders, and I did it deliberately because of the consequences involved. It is so easy, six weeks afterwards, to get up and say that kind of thing. What I endeavoured to do, was to get these men back to work, so that the farmers of British Columbia and the people of British Columbia could be fed.

The VICE CHAIRMAN: Gentlemen, let us settle something before Mr. MacInnis continues. It is half past five and there has been no decision as to when the next meeting will be held, and it might be well for us to take a few minutes to determine that now. That, in turn, will probably determine the moment of adjournment this afternoon. What is the view of the committee with reference to another meeting?

Mr. ADAMSON: Mr. Chairman, as a member of the steering committee, I think in view of the fact that we have decided to hear Mr. Mitchell first, that we should sit tonight in order that we may hear or cross-examine these three gentlemen who are here with their briefs so that they may not be here another day without being heard. I, therefore, move that we sit at 8.30 tonight.

Mr. CROLL: I will support that. That was the understanding. Naturally, I voted in favour of hearing the minister ahead of the others. We will be lucky to be through with the minister tonight. This arrangement will permit these men to get away tomorrow.

The VICE CHAIRMAN: You have heard the motion that we sit at 8.30; shall the motion carry?

Carried.

—The committee adjourned to meet again at 8.30 o'clock p.m.

The committee resumed at 8.30 p.m.

The VICE-CHAIRMAN: I see a quorum, gentlemen. Whom do you desire to call as the first witness?

Mr. MacINNIS: Before the first witness is called, Mr. Chairman, I wish to protest the way that I have been treated in this matter. Just before the dinner recess we had the Minister of Labour on the stand. I wanted to continue questioning him until six o'clock, and we have sat here before until six o'clock. I do not know whether the chairman knew that the Minister of Labour was not to be here tonight.

The VICE-CHAIRMAN: Yes, I knew that.

Mr. MacINNIS: If you knew then you should have told me. I had just started and wanted to continue questioning him. I should have been advised that the minister was not going to be here tonight.

The VICE-CHAIRMAN: Will you allow me just to interject this? I certainly did not mean to cut you off when I said that we would adjourn. I thought everybody knew it. I thought it was implied in all that went on. I was not trying to withhold any information and I certainly did not have any intention of misleading you.

Mr. MacINNIS: I do not know how it could be implied in all that went on. Nothing was said about who was going to be here. I assumed, nothing having been said, that surely the Minister of Labour would be here after eight o'clock, and, from the conversation I had with Mr. Croll he was of the same opinion.

Mr. CROLL: I certainly assumed that he would be here tonight and that we would continue with his examination. It is most inconvenient that he is not here.

Mr. SKEY: Mr. Chairman, may I say that I agree—

The VICE-CHAIRMAN: You are out of order, Mr. MacInnis has the floor.

Mr. MacINNIS: I am through with what I have to say, Mr. Chairman.

The VICE-CHAIRMAN: All right then, Mr. Skey.

Mr. SKEY: I want to agree with Mr. MacInnis, Mr. Chairman. I have already protested in this committee about the method adopted, I might even say the secret method adopted by the steering committee—

Mr. JOHNSTON: The steering committee didn't have anything to do with it.

The VICE-CHAIRMAN: You are out of order, Mr. Johnston.

Mr. SKEY: What I should have said probably is, about the calling of witnesses before this committee. I think it has been very sloppily handled. I had no idea that the Minister of Labour would not be called this evening.

Mr. BENTLEY: I want to ask now, are we not going to be able to ask the Minister further questions? Mr. MacInnis wanted to ask several questions; as a matter of fact, he rose to ask them and in the middle of it you just said, we will adjourn.

The VICE-CHAIRMAN: No, no, you are wrong about that.

Mr. BENTLEY: We certainly went away without voting on adjournment.

The VICE-CHAIRMAN: That, I think, is correct. But I did not cut Mr. MacInnis off at that point. That was when I said, may I interject at this point, Mr. MacInnis? And he agreed. I explained the reason for my interjection, that we needed to decide as to our next sitting. I remarked, I assume that will have something to do with when we adjourn now. Beyond that I had no responsibility in the matter at all. My own self, I thought from the conversation that had gone on it was understood some other witness would be brought up; beyond that I had nothing to do with it.

Mr. BENTLEY: Are we going to have any further opportunity of addressing questions to the minister?

The VICE-CHAIRMAN: That is another thing on which you may come to the same conclusion that I did when as one individual on this committee I heard him say, "I will be here tomorrow morning."

Mr. JOHNSTON: No, no; he did not say he would be here tomorrow.

Mr. BENTLEY: Have we any assurance that he will be here again?

The VICE-CHAIRMAN: I cannot give any assurance except that was what I understood.

Right Hon. Mr. HOWE: I can assure my honourable friend that Mr. Mitchell will be here tomorrow, and I can assure my honourable friend that he will submit himself to any questioning which may come from the committee. He told me yesterday that he had an engagement in the evening. He told me what the engagement was. It had not been the practice to sit in the evenings, as he mentioned at that time. I am sure he had no idea the committee would sit this evening. It is sitting this evening for the convenience of witnesses, so that they may be heard without undue delay. This was an important engagement. I know what it is. I do not think I need to tell the committee. I can assure my honourable friend he will be with us.

Mr. CASE: I want to add this, that I did not know Mr. Mitchell would not be here this evening. I do not know that he knew he would not be here; I asked him and he said he could not possibly be here—that was more or less in confidence. I was surprised when we adjourned at five thirty that we were not meeting again until eight thirty o'clock. It seemed to me that where we were meeting at eight thirty o'clock we might very well have carried on until six o'clock, but had we been sitting at eight o'clock it would have been a rather short adjournment.

Mr. MacINNIS: I suggest the next best thing is to go on and question some of the people or all the people who filed briefs with us last night. I would suggest that Mr. Mackenzie for the rubber workers be called.

The VICE-CHAIRMAN: Now, may I just be permitted to make this statement to the committee. It occurred to me now; it was suggested to me at the time of about five thirty, Mr. MacInnis was speaking, that we had to settle the point as to whether we would meet to-night. It was for that reason that I interrupted Mr. MacInnis, and with his consent; I then put the question to the committee; do you want to meet tonight? It was then decided. In the course of the remarks I was making I said, I presume that this will perhaps have something to do with when we adjourn. When that point was decided I then said; now when do we adjourn? And from several places around about came the statement, let us adjourn now; and no comments to the contrary.

Mr. MacINNIS: I asked that we continue until six o'clock.

The VICE-CHAIRMAN: I assure the committee that when I said "no comments to the contrary" it was because I thought there had been no comment to the contrary. There was at that time a deal of confusion; but if Mr. MacInnis said what he now tells me he did say, I did not hear it because of the confusion. At any rate, it seemed to me that by common consent all arose. Now, on the subject of Mr. Mitchell, I did not know that Mr. Mitchell would not be here, I did not know that he had an appointment, but I was under the impression that he would not be proceeded with after the dinner hour whether he were here or whether he were not; this by reason of the talk there had been about hearing other witnesses. And now, I realize from what has been said that I must have some responsibility for what occurred at that time. I think, in all deference to you all, I submit that there is a deal of responsibility on the shoulders of pretty nearly all, because I did not intend to shut off anybody. I would just like to have you understand that from me.

Mr. SMITH: We are all agreed. Let's get going.

The VICE-CHAIRMAN: All right. You would suggest Mr. MacKenzie? That is agreed, I have no doubt.

Mr. McIVOR: I should like to ask how long a time you are going to give to each one of these witnesses?

The VICE-CHAIRMAN: I cannot answer that.

Mr. CROLL: As long as they need.

The VICE-CHAIRMAN: That is in the hands of the committee, Mr. McIvor.

Mr. McIVOR: Whatever time they need.

Mr. J. MacKenzie, District Representative, United Rubber Workers of America, called and sworn:

By Mr. Lieff:

Q. What is your position in the United Rubber Workers of America?
—A. District representative.

Q. You filed this brief last night. I want to ask you a few questions just to get the examinations started. I notice that the table on the first page indicates disputes between some 10,000 workers in about ten unions. Is that right?—A. That is right.

Q. And of that 10,000 workers how many are in the unions?—A. I would say approximately 8,500.

Q. About 85 per cent?—A. Yes.

Q. Did you have agreements with these companies before?—A. Yes, most of them.

Q. Which one did you not have agreements with before?—A. Well, with these we did have. We had agreements with all of these.

Q. In the first table?—A. Yes.

Q. Now then, I notice that you now have agreements with two others who were not on strike?—A. That is right.

Q. I wonder if you could tell this committee what the wage rates and hours of work are in those two unions; that is, Local 125, Viceroy Manufacturing Company, 250 men; and Dunlop Tire and Rubber Company, 1,150 men? What was the basic scale there, what is that basic scale there now, and what are the hours of work?—A. By the question on the basic scale you mean the adjustment that was accepted in settlement of the dispute. In the Viceroy case it was 7 cents across the board.

Q. Seven cents across the board?—A. Yes. In the case of Dunlop Tire it was also seven cents across the board.

Mr. SMITH: I wonder if we could get a little order? We cannot hear the answer that is being given.

Mr. LIEFF: The answer was, "seven cents across the board" in both cases.

By Mr. Lieff:

Q. On the top of the second page you list seven demands relating strictly to hours of work and rates of pay?—A. That is correct.

Q. You have no union security problem with these companies?—A. That is right.

The CHAIRMAN: May I interject? I wonder if you are just speaking as loudly as you might? Your head is down. It is a little difficult down there, if you have your head down, to hear when you answer.

By Mr. Lieff:

Q. Now, what arrangements did you have with these companies as to union security?—A. We have contracts in most of them with the irrevocable check-off. We do not have any other provision for union security. Nearly all of them are on what we call the irrevocable check-off.

Q. You give the course of negotiations on the next page or two and I take it that the negotiations broke down at 8 cents?—A. That is correct.

Q. When did that happen?—A. The negotiations broke down at 8 cents during the negotiations while Commissioner Cameron was conducting the hearings, and only in one case did we have the offer of 8 cents across the board at that time. Since then we have had other offers of the same amount.

Q. Are all these firms strikebound? Is there any work going on in any of them?—A. Not in any of them.

Q. Are there maintenance crews or anything else?—A. No, no maintenance.

Q. And the plants are closed?—A. The plants are closed.

Q. When was the last offer made, if you recall the date?—A. I could not recall off hand. About a week ago we had offers from the two Goodyear plants of 8 cents; just the 8 cents alone.

Q. I take it that your demand is for an across the board settlement in all these strikes?—A. That is right.

Q. I notice the figure on page 9, where you quote the Toronto Welfare Council's minimum budget at \$37 a week. It seems to me that another witness, I think it was Mr. Millard, quoted that at \$33 and something.

Mr. GIBSON: \$33.60.

By Mr. Lieff:

Q. Yes, \$33.60. Do you say \$37 is not correct?—A. No. I believe these figures were correct from the booklet that we had from the Welfare Council.

Q. So we can take it the best information you can find is that the figure should be \$37 and not \$33.60?—A. That is right.

Mr. LIEFF: That is just by way of getting the examination started. I understand Mr. Smith has a few questions to ask you.

By Mr. Smith:

Q. Mr. Mackenzie, turning to the second page of your brief, item No. 7, you are seeking 10 cents an hour bonus for all those employed on second and third shifts, that is shifts involving night work. I assume that in those plants that is a revolving shift; a man will be on the morning shift, the afternoon shift and the graveyard shift, and they alternate. Is that right?—A. Well, there is a difference in them. Some plants have three shifts, and some have two. We do not always have three rotating shifts.

Q. They work from 8 to 4 and 4 to 12, I suppose?—A. Well, those hours would not be set. They are 8 hours.

Q. They begin at 8 o'clock mostly, do they not?—A. No; it varies anywhere from 6 o'clock in the morning until 8 o'clock.

Q. All right. Are you seeking off-shift bonuses for plants that are not working 24 hours a day?—A. We are seeking off-shift premiums for all of the people in all of the plants that we represent where they work beyond the regular day shift hours.

Q. That is 8 till 4, as a rule?—A. That is right.

Q. Justify that, will you? Give me any reason to support it.—A. In the first place, as far as the payment of off-shift premium is concerned, I think most people are like myself or yourself; we like to do a day's work during the daytime and to be able to enjoy the social amenities of life in the evening.

Q. Yes.—A. That is number one. Number two is that as far as off-shift premiums are concerned, the people working that way are working for the convenience of the company. The company, in order to cut down on their overhead and their running costs, operate the plant for 24 hours. In doing that, the employees are working for the profits of the company. The company's overhead does not run during the second and third shift. I mean, it would be divided up. If they were just working a day shift, then their overhead would be for the day shift; but when they are on the night shift they do not have to run the office staff; they do not have all this expense involved in that and therefore the company should be able to pay a little more to those people who are suffering inconvenience as the result of having to work in odd shifts.

Q. What inconvenience do they suffer when you have a revolving show?—A. It is not always revolving. We have permanent shifts too.

Q. How many permanent shifts have you out of your total employees that work the graveyard shift? Not 2 per cent, I would say.—A. There is approximately 40 per cent that work on off-shifts. The balance of them are on regular days.

Q. Permanently? 40 per cent that work on the graveyard shift?—A. There is only about 40 per cent of the people who would benefit from this premium pay.

Q. In other words, this would mean that 40 per cent of your people alternate on the three shifts during the day?—A. Or two shifts.

Q. Are you right?—A. What is that?

Q. It seems to me absurd. Are you right in your figure? I do not know.

The VICE-CHAIRMAN: What was that, Mr. Smith? I did not hear that.

By Mr. Smith:

Q. Is your figure right? It seems to me to be absurd.—A. I do not know whether it seems to you to be absurd or not, Mr. Smith. But as far as my knowledge of the situation goes, it is still about 40 per cent.

Q. Let us take a business I know something about, the refining of oil in Alberta. They work 24 hours a day. As you know, the oil rig has got to keep going. As you also know, an oil refinery has got to keep going and at least 90 per cent of the total employees work those shifts. They have got swing crews and they work 5 days, a 40 hour week; and at least 90 per cent of them there are involved in swing crews taking over. Are you suggesting in the industries that you operate only 40 per cent of the employees are on these shifts?—A. That is exactly what I am suggesting.

Q. Where do you get your figure?—A. I said there was only 40 per cent of the people who would be affected by this increase or payment of premium.

Q. That would be your people who were on-swing shifts?—A. That is right. There is only 40 per cent in those off-shifts.

Q. Where you get this figure of 40 per cent I do not know, but to me it is absurd?—A. Well, for instance, say we take Goodyear. On the day shift in the Goodyear plant alone there is very nearly 50 per cent of their people on the permanent day shift. They do not all rotate. There is a permanent day shift that do not work on any rotating shifts.

Q. Yes.

Mr. GILLIS: And it is the same in all industries.

Mr. SMITH: Let us take coal mining that you know a lot about and at least 95 per cent in coal mining are on rotating shifts.

Mr. GILLIS: No. I should say about 55 per cent would be the proper figure.

Mr. SMITH: I never disagreed with you before, but I am sure this time you are completely off.

Mr. GILLIS: What I say is true. I should know that because I have had 28 years at it.

Mr. SMITH: A lot must have taken place since you left.

Mr. GILLIS: I was still loading coal in 1940.

Mr. SMITH: With a shovel?

Mr. GILLIS: With a shovel.

Mr. SMITH: With the same shovel?

Mr. GILLIS: Yes, using the same shovel.

By Mr. Smith:

Q. I want you to turn to page 3. In the middle of the paragraph you make this statement, "The commissioner's report dated June 26, was made known to the union on June 28. In general, it recommended further negotiations with a view to agreement upon wage increases not exceeding 8 cents per hour, with the proviso that other concessions in respect of statutory holidays should not be permitted to raise the monetary value of total wage increases above an average of 10 cents an hour". With respect to that, I merely want to know what you mean. By that do you mean that the commissioner's report was for a maximum of 8 cents, broadly speaking; and by getting paid for statutory holidays, that that should not increase it to over 10 cents an hour over the whole picture? Is that what that means?—A. That is correct.

Q. All right. With respect to the payment for statutory holidays, you have got a friend right here. I do not mind telling you that. Then we turn to page 4 and you say, "The union takes strong objection to the personal intervention of the minister in addressing a letter to each employee, asking acceptance of the Cameron recommendations". We heard the minister with respect to that this afternoon and he told us that was agreed to by a number of people, I think including yourself. What have you got to say to that?—A. We certainly did agree that the minister circulate a copy of the report; we approved of the idea of the minister circulating all of our membership with a copy of the report, but we certainly did not agree that he should send a letter out with it advising them to accept it, because we already had informed him that our strategy committee was opposed to the acceptance of the thing, and that was the policy committee of our union.

Q. Let us have the letter and see what you objected to. It is filed as an exhibit.

Mr. LIEFF: It is not here at the moment. We can get the original. Have you a copy?

Mr. SMITH: Without my having the letter will you tell me what your objections to it were? I heard it and I did not hear anything objectionable in it.

The VICE CHAIRMAN: Would it be all right to pass on to something else? Oh, here it is; there is another one being brought down.

By Mr. Smith:

Q. I am going to run out of soap in a minute—A. Which one was it that he read? I have got copies of them to each individual.

Q. I suppose the last part of it is what you object to?—A. Yes, that is correct.

Q. Will you read it and then tell me your objection?—A. "In my opinion the report offers a reasonable basis for settlement of the dispute". That, in our opinion, is urging people to accept it when he knows that the policy of our organization is opposed to it.

Q. Do you not believe it is the duty of the Minister of Labour to express to people who are working what his views are?—A. He has—

Q. Do not let us be silly about the thing.—A. He has plenty of mediums for expressing his views. If he wanted to express his views he should express them to the bargaining agent which is the United Rubber Workers of America.

Q. Why should he not express his views to the people who are interested?—A. He has a right to express them in the press.

Q. You are getting mad at me. I can play you both ways. Why should the Minister of Labour not express to the workers in this country his own views, because he is the Minister of Labour? Why should he not? Give me one reason.—A. I stated the reasons in our opinion.

Q. You think he should have expressed it to you and left it to your judgment as to whether or not it was passed on to your workers?—A. He should have left that up to the people of the bargaining unit to decide that without urging them to accept some thing that the companies already wanted them to accept and had offered.

Q. Let us get it straight.—A. He knew it was not satisfactory.

Q. Your view is that the Minister of Labour of the Dominion of Canada when he has a view should express it to you few individuals and leave it to you as to whether or not it should be passed on to the rank and file; is that your view?—A. He has plenty of means of expressing his views to the people in every plant all over the country. He circulated letters all over the country. He read them out this afternoon, and we know he has sent out these letters, but as far as we are concerned when we are dealing with the Department of Labour we are dealing as the bargaining unit and we expect to be treated as the bargaining unit, and do not expect the minister or any other individual to try to circumvent the bargaining unit and urge people to do something they already know has been turned down by our people.

Q. Let us use your word "circumvent". By that you mean, I take it, that the Minister of Labour of the Dominion of Canada has no right to speak to the individual worker except through you? If that is what you mean I disagree with you so flatly. Is that what you mean?—A. That is your privilege.

Q. Is that what you mean?—A. That is your privilege.

Q. Remember I am going to agree with you on a lot of things in a minute but this time I do not.—A. O.K.

Q. Do you mean that?—A. I have already answered the question. It is on the record there.

Q. That is what you mean? All right; then we will pass on. On the same page you say in No. 1 towards the bottom of the page:—

(1) The relevant conditions, namely, the present increase in the cost of living and prospective increases in the near future, the reduction in take home pay through shorter hours, the increased productivity of the workers, all affect the workers generally.

I want to confine myself and only ask one question. It has to do with the reduction in take home pay through shorter hours. You are seeking a reduction in hours, are you not? All labour is?—A. That is right.

Q. I have a great deal of sympathy for them. Where is your limit in equal weekly pay for reduced hours of work? Where is it?—A. Would you mind stating the question again?

Q. Well, we used to have the 12 hour day; then we had the 10 hour day. I remember in the United States they thought the world was going to stop when we got the 8 hour day. I mean industry did. I am agreeing with you as best I can now. You want a 40 hour week rather than a 48 hour week. In other words, on the old basis it would be—you know what I mean. I cannot divide. That is 5 days of 8 hours. Where is the limit?—A. To how far down we will go in the reduction of hours?

Q. Yes.—A. I think that conditions will determine that from year to year as we are living in industry.

Q. I mean to confine it in this way. What is the low limit in the work week having regard to maximum production per man? Have you found that point?—A. No, I do not think we have found the low limit.

Q. Do you think that a man will produce as much in 5 days of 8 hours as he will in 6 days?—A. I think that experience has taught that in the industry in the United States where our tire plants have been on—and were on prior to the war—five 6-hour days. At one time the president of the Goodyear corporation made the statement that as a result of the reduction in hours they had found that their efficiency and productivity had increased considerably, and it was well worth reducing to that amount of hours.

Q. That was through getting down from 12 to 10 and from 10 to 8, but I am wondering if you have any idea where the limit is on that downward scale?—A. I have not any idea where the limit would be. Our limit right now is 40 hours.

Q. What you mean is that is your objective. It is probably not your limit.—A. That is our objective.

Q. In the very next paragraph, No. 2, it says:—

(2) Wage rates, both within each plant and as between the different plants, are extraordinarily complex, and it is not desirable or practicable to change existing differentials or attempt to deal, in meeting the present needs of the workers, in detail with hundreds of individual rates.

That is a rather complex sentence, but does it mean you are not seeking an overall flattening out of the picture, and you are content with the differential?—A. No, we are not trying to change the differential as it presently exists.

Q. So then we can take it so far as the rubber industry is concerned you are content with the maintenance of differentials?—A. I do not think you can take that either. We are content at this time in asking for a general adjustment that if we can get an acceptable general adjustment in rates we are not going to make any attempt right at this time to adjust these differentials. Certainly we are not satisfied with these differentials the way they presently exist, but we are not asking for any of that in this submission.

Q. Then we can expect in the future you will be back again seeking an overall flattening out of all these rates in the various plants?—A. That could possibly be.

Q. I mean, have you any doubt about it?—A. I do not see why I should have; we have been doing it for ten years.

Q. Yes, but what you are saying is that at the moment you are prepared to accept the principle of differential.—A. That is correct.

Q. That is the furthest you go. May I ask you, why do you stop there now? Is it because you think you cannot get it?—A. No, the reason for it is right there in that paragraph where we explain that because of the many rates, the complexity—wait until I read this thing again.

Q. It is at the bottom of page 4.—A. "Wage rates, both within each plant and as between the different plants, are extraordinary complex."

I would like to say this with respect to our industry, I think that the closest thing to it in the way of comparison to the rates set up would be something in the clothing industry where everything is broken down into so many rates; whereas in automobiles the rates you have would be as few as 150 covering the whole plant.

Q. How could you split 1,000 rates among 100 people?—A. Oh yes, there are more than 1,000 jobs.

Q. Yes, but a man would have to do ten jobs to catch up with your figures.—A. Oh yes, he could do different jobs each day.

Q. In any event, we can let it go by saying at the moment you are content without disturbing these differentials in the various classifications in the various plants.—A. That is true.

Q. I go on to the next page, page 5; and you will agree with me that that is old stuff. We have had it from both Mr. Conroy and Mr. Millard, have we not? We need not take any more time over it?—A. I think some of this has been covered; but if there are any questions.

Q. Look at it; has it not been completely covered before? If not, I will go back over it.—A. Someone else might want to ask questions about something there. If I agree that it is already covered, then I do not have any answer to it.

Q. May I assure you I am speaking only for myself. I do not know what is being said to you down there, but I would like to get in on the tête-à-tête at that end of the table.

Mr. McIVOR: We are free agents at this end of the table.

Mr. SMITH: I have known of many disguises, but never of one quite like that, of a free agent at that end of the table. Let that go. At the top of page 6 you say:—

The American 18½ cent settlement was reached without any strikes by joint negotiations and embodied in one document signed by all parties on March 31, 1946.

Perhaps you would be fair enough to add that there were strikes in plenty of other industries before that 18½ cent formula was accepted, although not in your own.—A. That is right.

Q. And what happened over there was, they struck an 18½ per cent general rate.—A. I do not think it is, because actually I was in the negotiations where this 18½ cent adjustment was negotiated, and it certainly was not just a question of an 18½ cent pattern.

Q. Well, tell me a raise in any major industry in the United States that does not approximate 18 cents?—A. I am not going to involve myself in something like that; I do not know what the different raises are in the various industries.

Q. That was a pattern that was struck.—A. Possibly there was a basis in there somewhere as a result of that committee that was set up by the United States government to investigate things; but the pattern was not 18½ cents; it varied in various industries.

Q. It varied from 18½ cents; I mean steel and everybody else, the motor people. They were all around that spot were they not?—A. They were all around it somewhere.

Q. All right, you have got this in here:—

The American 18½ cent settlement was reached without any strike by joint negotiations and embodied in one document signed by all parties on March 31, 1946.

All I am saying to you is that many other industries did strike and that after those strikes were settled on a basis of 18½ cents, that helped you, did it not?—A. Possibly it did. That was put in there for a purpose. I would like to tell you that the purpose of it was that in the United States we were able to get these people from the various managements to sit down together, representatives of those plants whether Firestone, Goodyear, United States Rubber and so on; they sat down around the table and negotiated with us; but we have not been able to get that in this country. So that was put in there just to emphasize that point.

Q. Yes, after strike action in various other industries; that is true, is it not?—A. And before strike action in a lot more.

Q. Now, just one thought occurs to me; I am sure it is quite wrong. Probably the people in the spot that you are in over there were nicer fellows than you are.—A. Could be!

Q. Probably management were nicer fellows too. Now at the bottom of the second paragraph on page 6 you use this expression:—

The best offer was Dominion's, 8 cents. Until recently Goodyear and Firestone would make no offer. It would appear that the Canadian employees of these companies are regarded in the category of colonial labour.

You do not mean that, do you, Mr. Mackenzie?—A. Maybe I could explain it in this way: As I said before, with respect to the paragraph before, these people in the United States, the representatives of the various managements were ready to sit down and discuss things with us. Now, the threat of strikes was here too, but we made every possible effort to get these companies to sit down. They refused to sit down individually and seven of these plants are big four plants those that settled in the United States on a pattern; those seven plants are here, and it was our belief that the least they could do would be to treat us the same as they treated our people in the United States. That was the reference to it. They figured that these plants up here were just something out in the wilds.

Q. I thought you meant something like colonial labour when they brought over Africans in slave boats. You merely meant that they did not take it seriously and did not play ball.—A. They did not take it seriously.

Q. Under the general wage increase, I think you will agree that the balance of that page has already been covered rather carefully by both Mr. Millard and Mr. Conroy; and then, where you say, just before No. 3:—

Employees in this industry should not be forced to accept a reduced standard of living as a penalty for the relaxation of price controls and the trend towards shorter hours.

I have already asked you about that, so I do not need to bother now. At the bottom of that page where you give some figures, I suppose you will admit, as Mr. Millard did, that new methods increase man hours production as well as efficiency of men. I think the efficiency of men means a great deal, but it is not solely responsible for the tables you have there, is it?—A. No, I would agree with you that it is not solely responsible.

Q. That is all; you will agree with Charlie Millard on that. Then again, in the middle of page 8:—

Based on the average working year of 48 weeks for each employee, the wage increases requested by the unions would amount to \$384 a year per employee.

You will agree that the same thing applies there?—A. Which sentence?

Q. Based on the average working year of 48 weeks for each employee, the wage increases requested by the unions would amount to \$384 a year per employee. It is certainly reasonable that the employees should receive their fair share of greater productivity in the industry.

What I have in mind is that it is not solely accounted for by increased man efficiency?—A. \$384 is what would be paid out to us if we secured our full demand; it is not the amount; the surplus amount is \$600.

Q. And it would be only that the surplus value of each employee is increased by \$600; then your view is that that \$384 is the contribution of the man efficiency in the \$600. Is that right?—A. That is not the view; we simply add it there that if we were granted the full wage increase, that is what it would amount to; the view is not that that is what we think. We think possibly we

should get more than that; that if we got the full amount that is what the \$384 would represent.

Q. Perhaps you would care to tell the committee what share of the \$600 you think is accounted for by increased man efficiency.—A. I would say at least 75 per cent of it, in my own opinion.

Q. You would say at least 75 per cent of it in your own opinion?—A. In increased efficiency.

Q. Four hundred odd dollars. Now, going to the top of page 9—the quotation starts at the bottom of the previous page—I suppose you will admit that in as far as profits are concerned they have some relationship to the volume of business done? You will admit that in principle, will you?—A. That is correct.

Q. Then I come down to the bottom of that page—that has been covered. In my judgment, the same thing is true of all page 10; am I right about that?—A. If that is your opinion, I am ready to accept it.

Q. Do not accept my opinion. You have been sitting here all along. I am trying to save time.—A. O.K.

Q. Someone else, as you remarked a little while ago, may have a different idea. At the bottom of page 10 I see these words: "Next, it may be noted that the index is over a month late in appearing, and by reason of present measures of decontrol, the cost of living is rising more rapidly than at any time since price control was imposed." Is it your suggestion that the decontrol which has been exercised is the major reason for the price rise?—A. I would say yes. That is my opinion. The relief in price is what is causing the increase in the cost of living in the index.

Q. Have you anything to support that? What are your ideas?—A. That is an opinion. I am afraid I do not have any statistical information to back that up with, but I do know that price relief has been granted to many industries, and we do know that the cost-of-living index has risen considerably since that relief went into effect. That is what my opinion is based on.

Q. I think that is an intelligent guess. Would that be a fair statement as to the responsibility for the rise in prices?—A. I do not think it is a guess; I think those figures are there in the government index.

Q. That is an intelligent prophesy, something like that, shall I say. I mean that you have nothing by way of statistics to back that statement up, have you?—A. I have nothing here, no. I believe though if you gave us a little time we could possibly dig up the information for you.

Q. Because I am asking you these questions it does not mean that I disagree with you. You may be quite right, I do not know. I wanted to find out what the statement is based on. Now, turning to page 10, in my judgment that has been completely covered; page 11 is in exactly the same position. Now, let us deal with page 12, the second last paragraph: "In local 232 (Good-year, New Toronto) where the shorter week has resulted in a loss of premium rates for the whole factory, the figures indicate a loss per week averaging approximately \$8." That is the first time I have heard of premium rates. Will you give us your views on that?—Is that a speed-up?—A. No. The reference is actually—I think the word "premium" is misused. The reference is to their ordinary rates. They work on straight piece work or flat hourly rates. There is no premium involved.

Q. In my view page 13 has been covered and that is also true of page 14. Look at the middle of the page. I think we can all understand that if we know simple arithmetic. Just take your time and glance over it. I am giving you my views. I think this has been generally covered pretty well by other witnesses. I may be wrong. If there is anything new you would like to comment on I would be glad if you would do so. My view is that this has been covered before?—A. There is nothing I particularly want to comment on.

Q. Coming to the top of page 15 you say, "It is interesting to note that the Goodyear Company alone has built up surplus of over \$8,000,000 and that the 1945 profit after taxes amounted to nearly \$3,000,000." The suggestion I make to you is that those figures are meaningless unless we know something about volume of production; am I right?—A. I do not think I understand the question.

Q. The point I have in my mind is this: if you told me that a certain corporation made \$100,000,000, it does not mean anything to me unless I know what the investment was and what the volume of business done was. I mean they might make less profit than an outfit that made \$10,000. Those figures, as they stand, to me do not mean very much. I wonder if you care to comment on them?—A. The figures were prepared by an accountant. The information is there. I think anyone can find it. Goodyear publishes a statement and in this statement they list the figures of how much they made in profits and so on and the amount invested; and possibly if that was checked you might be able to find the answer to that question of the increase in productivity or anything like that.

Q. You mean that any of us can take those figures and take their balance sheet and find what the figures mean; I agree with you.—A. That is right.

Q. That is what you mean by those figures?—A. That is right.

Q. Coming to the next paragraph: "It is therefore apparent that a large part of the \$1,210,000 required for wage increases on the scale asked for by the union will be offset by (1) the effect of taxes, and (3) tax reductions, so that a very substantial net profit will be available for distribution." I want you to go back to the previous paragraph: "In 1945 when there was an excess profit tax of 100 per cent with roughly 20 per cent refundable, the company paid \$1,856,000 on income and excess profit taxes of which \$176,258 was refundable." And now you are going to need an awful lot of \$176,258 as refundable taxes to pay \$1,210,000, are you not?—A. We do not suggest that the amount of money would pay the increase.

Q. I merely wanted you to explain. You must have an idea other than the one in your brief. "Attention is invited to the reserve for contingencies . . ." and so on. You are not suggesting that the refundable taxes in excess profit will begin to take up this \$1,210,000, are you?—A. No, I do not think we suggest that anywhere there.

Q. The next paragraph, the next page, it seems to be covered. Take your time and think it over and either agree or disagree with me.—A. I have no comment.

Q. All right. May I say that I have gone through the rest of the brief very carefully and I thank you for your brief, and for the courtesy you have shown in answering my questions.

By Mr. Gillis:

Q. There were two points raised by Mr. Smith which I should like to follow up. First, Mr. MacKenzie, I should like to ask you, has your union jurisdiction in all the rubber industries in Canada?—A. You mean, have we local unions in all the rubber plants?

Q. Yes.—A. No, we do not have local unions in all the rubber plants.

Q. You cover the major part of the industry?—A. That is correct.

Q. I presume the reason you are before the committee with this brief is to devise ways and means of settling this present strike? Is not that the reason you are here?—A. That is true.

Q. And you have had the benefit of all the machinery provided by the government?—A. Yes, we have had a commissioner and he has made a report.

Q. And you have not come to an agreement or settlement in many of the plants?—A. We have not come to a settlement in any of the ten plants listed here. There are the two I mentioned before who have settled.

Q. Do you expect this committee before it completes its deliberations to do something regarding the settlement of your present difficulties?—A. We are extremely hopeful that this committee is going to help us in one way or another.

Q. Do you feel that if parliament rises and this committee folds up you people are left as you are now, that it is going to add to your difficulties, and with the possibilities of sympathetic strikes all across the country?—A. I certainly do think it would add to our difficulties.

Q. Your membership are looking to this committee to bring something concrete into labour relations and the settlement of the present dispute?—A. That is right.

Q. Now, I am going to question you a little further to get this clear in my mind, I refer to this letter of Mr. Mitchell's. When you said that the letter Mr. Mitchell wrote the employees urged them to accept the commissioner's proposals, or the companies' proposals to the commissioner, Mr. Smith did not agree with you; he thought that Mr. Mitchell had no right to send out a propaganda letter to your membership.

Mr. SMITH: I said he had a right to send it out.

Mr. GILLIS: I thought you said he had a right to send it out.

Mr. SMITH: That is what I said.

Mr. GILLIS: Then we are in agreement.

Mr. SMITH: Well, it is the first time you and I have ever agreed.

By Mr. Gillis:

Q. Do you agree with me in this analysis? The government instituted an order in council known as 1003. That order in council provided the machinery to determine the bargaining agency in any institution. You went through that process, didn't you?—A. Yes.

Q. And your union served as the bargaining agency in the rubber industry in the plants affected?—A. That is right.

Q. According to the purpose of that order in council your union designated, a certain agent as their representative to do business for them?—A. That is correct.

Q. This agent then had negotiations with the companies where he did not succeed in your agreements?—A. That is right.

Q. And you applied to the federal government and they sent a commissioner?—A. That is right.

Q. Do you agree with me that Mr. Mitchell overstepped his authority because he was a party to the dispute?—The government and their representatives were supposed to be impartial agents endeavouring to resolve the dispute, and in fact when he sent that letter out he then created the impression in the minds of your members that he was taking sides with the companies and propagating for them in the acceptance of an agreement that he already knew was not acceptable to the agent designated by the union?—A. That is true.

Q. That is your conception of it?—A. Yes.

Q. If that is your conception, I agree with you, and disagree with Mr. Smith.

Mr. BEAUDOIN: Give us another conception. Now, what is the next conception?

Mr. GILLIS: There is just another point I would like to follow up with Mr. Smith in this matter of the cost of living. You did not have any statistics to support your contention that the cost of living and the inflationary threat today

was largely the responsibility of the government. Now, I am going to ask you do you agree with this analysis of the present inflation threat? First, do you agree with me on this; that all you are doing today in the demand you are making for wages is trying to have wages catch up to the already increased prices? Price increases have forced you to seek the wage rate that you are seeking now?

Mr. GIBSON: And reduced hours.

The VICE-CHAIRMAN: You mean, pull down prices; don't you, Mr. Gillis?

Mr. GILLIS: The general adjustment.

The VICE-CHAIRMAN: Yes.

The WITNESS: I agree with you, Mr. Gillis. I would say this though, that it is not just the increases alone, the reduced hours that we are trying to catch up; and we are trying to catch up on the fact that in 1939, we were not getting enough money in the rubber industry then, and we have not been able to pick it up since.

By Mr. Gillis:

Q. But within the last year, for example, everything that your membership has been eating has increased to a point where in order to maintain the table pay that you had, or something close to it, it is necessary now for you to seek the increases that you are seeking?—A. That is right.

Q. Then, if you got that, you would be no better off than you were—

Mr. GIBSON: One day's less work; let's be fair about it.

Mr. GILLIS: Pardon?

Mr. GIBSON: One day's less work.

Mr. GILLIS: That does not come into the picture yet.

Mr. BEAUDOIN: In his brief he says that the ten cents would take care of not only past increases but the increases in anticipation in the months to come.

Mr. GILLIS: I am not unmindful of the fact, however, that most of the members of this committee are going to support the ten cents.

The VICE-CHAIRMAN: Mr. Gillis, I am having more difficulty in hearing you than I had in hearing Mr. Smith, and I can only presume that others up around here must be having the same difficulty. I do not know why it is because you normally speak loudly enough. I thought I had better point that out to you, that if I am having difficulty I think most of the others up here are also having the same trouble.

Mr. GILLIS: I think there is too much talk going on.

The VICE-CHAIRMAN: I think there is, possibly; but I think your voice has been lower than usual.

Mr. GAUTHIER: Use a little more steam.

By Mr. Gillis:

Q. I would like to ask you now, Mr. MacKenzie, about the matter of the increased cost of living. Do you think that when the cost of living bonus was absorbed into the basic rate that there was a tendency created there by the government to have those who had something to sell in this country take the brakes off price increases? There was a tendency there to increase prices because the government said that the wage rates were patterned to the cost of living index?—A. That is true.

Q. Now, if that is true, the government action in changing their methods at this time when it was necessary to maintain price controls created an incentive for manufacturers and those who had something to sell to go ahead and increase prices and threw the load then on to the wage earners. Now, I would like to say

this for Mr. Smith's benefit, and ask Mr. MacKenzie if he agrees. The government released the ceiling on hundreds of items of production, took off the luxury tax of 25 per cent, for example, that was on all during the war. Over a year ago that tax was abolished. But there was a mandatory order from the Finance Department that the price to the consumer must be maintained. Do you not think it was reasonable at that time that the price to the consumer should have been reduced 25 per cent rather than making that 25 per cent a gift to the manufacturers and to those who had something to sell?—

A. Absolutely, yes.

Q. Of course, that applies to household appliances and all that kind of thing.

Mr. HOMUTH: Well, Mr. Chairman, Mr. Gillis has made a rather sweeping statement that the 25 per cent luxury tax has been abolished. I do not think it has been.

Mr. GILLIS: It was taken off as far as the manufacturers were concerned and retained as far as the consuming public was concerned.

The CHAIRMAN: Just a minute—

Mr. GILLIS: I have the floor; and if Mr. Homuth has something to say after I am through, that is his business. Mr. Homuth was one and a half hours on the floor and nobody interrupted.

The CHAIRMAN: Mr. Gillis, if you will just wait a minute, I think I have the floor.

Mr. GILLIS: I am not so sure whether you have any right to it.

The CHAIRMAN: Well, I am chairman of the committee; and if the committee rules that the chairman has not any right, you would be correct in that last statement. Mr. Homuth has raised a point of order.

Mr. HOMUTH: That is right.

Mr. GILLIS: He has not raised a point of order.

The CHAIRMAN: Excuse me, Mr. Gillis; you are out of order now.

Mr. GILLIS: No; you are out of order.

The CHAIRMAN: All right.

Mr. GILLIS: I have the floor, or I had the floor. I was making a statement. Mr. Homuth did not raise a point of order. He merely got up and raised an objection.

Mr. HOMUTH: I raise a point of order now, Mr. Chairman.

The CHAIRMAN: Order, now, please. Please sit down, Mr. Gillis.

Mr. GILLIS: What is your point of order?

The CHAIRMAN: I say please sit down, Mr. Gillis. I should like this committee to tell me now whether the chairman has any right of maintaining order or trying to. If the answer is "no"—well, in that case it would be much better for me to be outside. Now then, when I rise to maintain a point of order, I believe that this committee expects me to maintain that position.

Some Hon. MEMBERS: Hear, hear.

The CHAIRMAN: If it does not, there cannot be a better time than now to find out about it. When I rose to make a statement relative to Mr. Homuth's interjection, Mr. Gillis was out of order, because I was at that moment, by virtue of the office, superior to him. Dealing now with Mr. Homuth's point of order, I do not think it is well taken, and for this reason: Mr. Gillis had stated a fact with reference to the removal of a tax and had asked the witness whether he would agree with his representation that that should have had such and such an effect.

Mr. HOMUTH: No.

The CHAIRMAN: Well, he may not have described the tax or the removal of the tax quite accurately; but still it was apparently well enough defined for the purpose of intelligent answer by the witness to the question, and will be intelligible from the record when read. I do not think that a questioner can always be 100 per cent accurate when he expresses himself about a particular tax of that sort. You may proceed, Mr. Gillis.

Mr. GILLIS: Thank you, sir. The only point I am trying to make, Mr. Chairman, is this, that all during the deliberations of this committee the factor that is going to determine whether we are going to make any progress or not in settling these disputes is how high wages can go in this country and avoid inflation.

The CHAIRMAN: Your question is quite in order without explanation, Mr. Gillis.

Mr. GILLIS: I am not going to pursue any further the point raised by Mr. Homuth, but the facts are as I stated. I merely asked the witness if he agreed with me, that if that 25 per cent reduction in the luxury tax had been passed on to the consumer, it would have helped our present price ceiling.

The CHAIRMAN: You do not need to labour the point, Mr. Gillis. You are in order.

Mr. GILLIS: Thank you, sir.

Mr. HOMUTH: But it may not be correct.

Mr. GILLIS: Then you check up and correct me.

By Mr. Gillis:

Q. Another question I should like to ask you, Mr. MacKenzie, is if you will agree with me on this assumption, that the government itself assisted the threat of inflation in this country by removing the subsidies from milk, butter and other commodities which compelled those who are retailing them to jack their prices up. That did increase the cost of living?—A. That is true.

Q. Do you agree with me that the government should have continued those subsidies at least during this transition period from war to peace?—A. I agree fully with the sentiments as expressed in the brief of Brother Conroy with respect to the question of subsidies.

Q. That brings me back to my first question, that your industry was compelled to seek wage increases in order to catch up with the cost of living and maintain the standards established during the war?—A. That is correct.

Q. There is nothing very unreasonable about that. You were forced to do it. I do not know very much about the rubber industry and I am going to ask you a few questions with respect to your brief; if they sound silly to you, it is because I do not know much about the rubber industry. The demands being made by your organization differ somewhat from steel and the others, particularly in the matter of union security, vacations with pay, etc. Would you mind explaining to the committee why those differences exist?—A. Well, the differences, I think, Mr. Gillis, came about as a result of two different organizations to begin with discussing the problems that they were faced with and the things that they wanted, the changes that they wanted in the general set-up of working conditions and of wages in the industry. At the time we formulated this program last October—

Mr. BLACKMORE: Please speak a little louder.

The WITNESS:—the committee felt that 20 cents an hour would cover what we required in the way of wage increases. At that time, however, we had not been faced with this present cost of living increase. As to the 40 hour week, I would like to point out, that we have not had a 48 hour week. It seems to be the common thought here that all of our people have been working a 48 hour week. That is not the case.

By the Chairman:

Q. You mean the 48 hour week?—A. The 48 hour week, yes. A large percentage of our people have been working on the 44 hour week for some time and the reduction in hours in their case would be only 4 to the 40 hour week. There is the Goodyear in New Toronto, which is the biggest plant employing about 25 per cent of the people involved here, which has been on a 44 hour week for some time. Firestone in Hamilton is on the 44 hour week. But on the question of union security, we feel that we have a degree of union security that is satisfactory to us at the present time and therefore we did not make any demand for union security as far as the company is concerned at this time.

By Mr. Gillis:

Q. You make reference in your brief to the strategy committee. Would you mind describing the functions, duties and powers of that committee?—A. The strategy committee came about as a result of our efforts to negotiate individually with these companies. In the brief here we state that last October and the beginning of November we approached each one of these individual companies through the local bargaining committee and we asked each individual company to sit down and negotiate this seven-point program. In every case, or practically every case, we got almost identical answers and that was that if somebody else does it, then we will do it. But we could not get from any one of the companies any kind of offer at all. As a result of that we invited the employers, as was stated in the brief here, to meet with us jointly in an effort to see if we could not reach some kind of figure that would be satisfactory to all of the employers and all of the local unions at the same time. When that failed, then the strategy committee was set up in an effort to try to get something done about it. The way the committee was set up was that one representative was elected from each of these local unions to form the strategy committee or policy committee, to advise on and direct the affairs of the entire group. The powers of the committee are simply advisory. I think you will see from the fact that two of these local unions that were in on that strategy committee and in on the whole proceedings have settled their cases and one did not go on strike. So I think that demonstrates the fact that as far as the strategy committee is concerned, its powers are simply those of an advisory body to the individual local union. The authority to act still remains in each individual local union.

Q. The reason I ask you that is that some people view a committee of that kind as a sort of gestapo. I think Mr. Justice Roach referred to it as a dictatorship in steel. On page 18 of your brief you mention that you want your demands made retroactive to November 1, 1945. Why do you fix the date of November 1, 1945?—A. Well, the original approach to the companies was made at that particular time, and during the months of November, December, January, February and March, up until March, we were unable to even get down into any kind of negotiations with any of these companies, and the feeling of the union—I think it is expressed there in the brief—is that we did not feel our people should be penalized because of the delay that the companies have occasioned us by refusing to negotiate during that entire period. In fact, as is mentioned there, some of the locals presented their demands earlier than November 1, and requested that it be retroactive at the time they presented it to those companies.

The other feature of the thing is that the big four settlement in the United States was retroactive; 12½ cents of their 18½ cents was retroactive to November 1, and also quite a number of other companies that have settled since that time have agreed to the retroactive feature to November 1, 1945, as the date when they would pay that much back pay, too. Therefore, our people felt that November 1, was the logical date for us to get that retroactive, and that we should not be penalized for the delay in securing the program.

Q. November 1, 1945 is the beginning of your negotiations?—A. That is right.

Q. On page 5 of your brief you mention a pattern being established. Would you elaborate on that a little?—A. That is in section 3, is it?

Q. That is right.—A. The companies throughout all of the negotiations we had, and particularly while we were before the commissioner, stated that a pattern would have to be set for the industry, and how it was going to be set was a question that we asked and the commissioner also asked the companies when they made reference to the establishment of a pattern, how it was going to be set up if none of the companies was willing to sit down together and work out a pattern that would be acceptable to them. I think the reference there is that the companies themselves during the course of all our negotiations, and during our appearances before the commissioner, at all times mentioned the question of the establishment of a pattern, the pattern being whatever we finally end up with, I suppose, in the dispute that presently exists.

Q. Do you think it would be helpful to you in settling your difficulties if this committee were to make some definite recommendation with regard to the demands which you have placed before it?—A. If who would make a recommendation?

Q. If this committee would?—A. I certainly think it would be helpful if the committee were to come out with a recommendation that could be taken back to our people with some degree of feeling that they could accept it.

Q. It would be a new starting point, anyway?—A. That is right.

Q. You do not think it would be very helpful for you to come here with this brief, spend a week here waiting, be examined, and then be sent back to meet the operators again exactly as you came in here without some commitment from the committee?—A. I am certainly hopeful that the committee is going to do something for us.

By Mr. Beaudoin:

Q. Did you spend a week here waiting?

The VICE-CHAIRMAN: Mr Howe was seeking to ask questions at about the same time Mr. Gillis rose.

An Hon. MEMBER: I was next.

The VICE-CHAIRMAN: I hear some person saying, "I was next." I do not know who was next but I only saw two at that time.

By Right Hon. Mr. Howe:

Q. I just want to ask the witness a few questions arising out of the questions that have been asked so far. You have, as I understand it, ten plants on strike involving about 10,000 employees?—A. That is true.

Q. What started this dispute? What brought the case before the commissioner?—A. The threat of strike action on the part of our people.

Q. What brought it about; just the spontaneous demand for more money? What brought about the threat of strike action?—A. Possibly I can explain it this way: that as far back as a year and a half ago we had been endeavouring in the industry to get some of our wage rates up, particularly in the shoe division of the industry. A year ago last May we made a presentation to the regional war labour board in an effort to get an adjustment in that particular part of the industry. In the Seiberling Rubber Company we endeavoured to get an adjustment in that particular plant. In many other places we have been trying for a period of a year and half to two years without success in getting any of the wage adjustments we have requested at those times. That is what brought about the program that you see here, the seven points we list here, the things we have been trying to get for some time.

Q. Did the workers have contracts with the employers in any of these plants?—A. Yes.

Q. What is the date of the contracts? When were the contracts negotiated?—A. They were various dates.

Q. Had they all expired when the strike action was taken?—A. No, the contracts had not all expired when strike action took place.

Q. You did not think that was important?—A. The union did think it was important. In most of these contracts we have not agreed that we would not go on strike under the contract if we were not able to reach agreement on things.

Q. I understand that the contract specified wages and working conditions for a definite period, did it not?—A. No. For instance, take Local 73, the Goodrich plant in Kitchener. Their contract specifies that wages and hours shall be negotiated.

Q. But you had no contracts which called for definite hours and wages and working conditions?—A. In every case we feel the contracts are open for negotiation on wages at any time.

Q. And by mutual consent the contract can be changed, but it seems to me within the period of the contract it is not open for one side to break the contract, is it?—A. I do not believe so either.

Q. You do not think that was done?—A. I do not think we violated contracts.

Q. The question was asked as to why the rubber companies would not meet you in a body. You can correct me if I am wrong, but I understood that one reason was they felt you had violated your contract with the companies?—A. By doing which?

Q. By going on strike during the contract period?—A. But the strike did not occur until long after all efforts to get the companies together.

Q. You say that the threat of strike action had nothing to do with it? You believe that would not influence the companies one way or the other?—A. The strike had not taken place, and did not take place until after every effort we could possibly make to get these companies together had been tried without success.

Q. So there is nothing in my theory, the fact that the union was under contract to the employers in a number of plants? That had nothing to do with the situation at all? It did not make any difference? If you had not had contracts at all you would have been in the same position you were, anyway?—A. No, that is not the case. We have contracts in all of these plants. Some of them are open for revision at the present time. Some of them are being negotiated while the strike is going on. As to the terms of these contracts, there are those in which there is provision for certain procedure and after we have passed that procedure our understanding is that we are free to take a strike action if we feel that way about it.

Q. The question was if you had exhausted all government procedure. You applied for a conciliator, I take it?—A. Mr. Daley, the provincial Minister of Labour was applied to to appoint a commission.

Q. You never put your case before the War Labour Board—A. That is right.

Q. Why?—A. Because we had presented so many cases before the Regional War Labour Boards on the union's behalf that were joint applications with the company, and we were never successful in getting any of them through.

Q. When was the last one refused?—A. The last one refused, I think, was the shoe brief for the shoe workers in the rubber industry; while it has not been refused it has been in their hands; we have had three or four wires from the war labour board saying that they would eventually get to it, but it has been in their hands since a year ago last May.

Q. You objected to Mr. Mitchell's letter and said it was a very improper letter; you knew that he was going to forward this brief, of course; I believe it was the last paragraph of the letter you objected to. It reads as follows:—

I am informed that if the commissioner's suggestions were adopted, employees of the Dominion Tire factory and Rubber Machinery Shops, would receive the following benefits.

And then there follows a list; but it was the final words, I suppose, that you objected to.

I have already urged the management of the companies and representatives of the union to enter into negotiations at once on the basis of Judge Cameron's recommendations.

He did not ask them to take them, but just to enter into negotiations on that basis.—A. I do not think it should have been sent out that way. What we agreed to was that the copy of the report should go out, but I think that the sending out of anything other than the report, after he had spoken to us, was not fair.

Q. You would not urge the management and companies to enter into negotiations at once on the basis of Judge Cameron's report?—A. As far as negotiations were concerned, we have never had any problem about getting any negotiations.

Q. Then there is nothing improper in his suggesting that the management of the companies enter into negotiations; I ask you about this because you have raised a rather violent objection to the thought that he would send a letter and include that paragraph in it; and I am just trying to find out; it seems to me a reasonable paragraph to put into a covering letter forwarding a report. He does not insist that you accept it or anything of the sort.—A. As far as we are concerned, we are the certified bargaining unit; and to be going around by this method and circularizing all of the membership, an action that had already been taken by some of the local unions, every local union receiving this wondered if we had agreed that this was the policy; the inference was that we had agreed that he should urge the people to accept the Cameron report.

Mr. MACINNIS: Would you put your question this way?

Rt. Hon. Mr. HOWE: Yes.

By Mr. MacInnis:

Q. You would not object to Mr. Mitchell sending you that letter; would you object to their sending it to the people they were representing? You felt it was going over your head but you would not object to getting that letter the same way as the company got it?—A. That is right.

By the Rt. Hon. Mr. Howe:

Q. The point that always strikes me: The parties to a dispute are always insistent that the government keep its distance while negotiations are on. True, they can send in a conciliator, but they must not comment or give any opinion; but after the strike is on, they are very anxious that the government take an interest in the situation. Why do you do that?—A. Why do I come here?

Q. Yes?—A. I came here because of the fact that this committee was set up. We did not ask for the committee to be established; the committee was set up and it was published that the committee was here for the purpose of dealing with disputes that existed; we came here representing people involved in one of those disputes. We did not beg the government to establish this committee.

Q. No; I was just saying that I would do pretty nearly anything to stop a strike, but when the strike occurred it seemed to me that it is up to the people

who started the strike to end it. I cannot understand this anxiety for the government to get excited about it.—A. The people who put the men on the street are the men themselves.

Q. I suppose that the strategy committee had something to do with it?—

A. The strategy committee had no authority to take any strike vote or strike action or anything else. It was purely in an advisory capacity; that has been dealt with in the brief submitted to you.

Q. Would you mind telling me the name of the company that has a case before the Regional War Labour Board of Ontario for a year and a half?—

A. There are four companies involved, Gutta Percha, Merchant's Rubber—there were four but one of them is settled, I believe; Goodrich is settled separately. Gutta Percha, Merchant's and the Kaufman Rubber Company.

The Right Hon. Mr. HOWE: Yes, I see. Thank you.

By Mr. Beaudoin:

Q. My question arises from a question just put by the Right Hon. Mr. Howe. You have there the dates on which these agreements were signed by all the companies mentioned on this first page of the brief.

Mr. HOMUTH: I cannot hear you, Mr. Beaudoin.

By Mr. Beaudoin:

Q. My question arises from a question just put by the Right Hon. Mr. Howe. You have there the dates on which these agreements were signed by all the companies mentioned on this first page of the brief.—A. I am afraid I have not got that information here with me.

Q. Well, in answer to a question asked you by the Right Hon. Mr. Howe, you said that the agreements had not all expired when you went on strike.—A. That is true.

Q. And these contracts had been signed for one year.—A. That is not true.

Q. Well, on page 11 it says that it is desirable that agreements should be made for a reasonable period and the law requires one year; therefore they would be made for one year according to the law and you know the law.

Mr. MACINNIS: The law says not less than one year.

By Mr. Beaudoin:

Q. According to P.C. 1003; my understanding is that it must be for not less than one year and you know there is the right to discontinue a contract sixty days, I think, before the expiration; that is article 14, I think. Is that your understanding too, Mr. Mackenzie?—A. No; my understanding is not the same as yours. My understanding is that a contract can be signed for not less than one year but can be signed for more than one year, if there is an escape clause in there.

Q. A clause whereby you can give notice to the employer that your contract can expire every year.—A. That is right.

Q. Therefore, when you went on strike there were many agreements that have not expired yet?—A. No, I would not say there were many.

Q. Well, how many?—A. Offhand, I would not know; let us see, about four, I believe, Mr. Beaudoin.

Q. About four; and you answered a minute ago that your understanding also was that these contracts included a clause whereby you could take a strike vote at any time.—A. The contracts did not include such a thing; our contracts for instance, in one case, a contract states that there shall be no strike or lock-out unless or until all the procedure outlined in section 5, or whatever it is, of this agreement is followed; and after that procedure has been followed, then the local unions would be free to strike.

Q. And that section 4 would be a grievance committee?—A. Yes.

Q. And then there would be arbitration, sometimes.—A. Yes, sometimes.

Q. Therefore, when you went on strike at those plants where the agreements had not expired, you violated these clauses that you are talking about in your agreements.—A. These clauses—what was that again?

Q. Yes, clause 5 of the grievances, procedure, and arbitration.—A. You mean we did not follow that procedure before taking strike action?

Q. Yes.—A. Oh yes, we did; we endeavoured to negotiate with the company.

Q. On what, on the clauses which you had already?—A. Agreed upon and signed.

Q. Listen to me. I want you to understand me. I just want Mr. Mackenzie to understand my question.

Mr. BLACKMORE: We want to be fair to him.

The CHAIRMAN: Just a moment, gentlemen, do not engage in an argument.

Mr. BLACKMORE: I thought he did not put it just right but I apologize. Go ahead.

Mr. BEAUDOIN: Thank you!

By Mr. Beaudoin:

Q. Suppose that you signed an agreement—I have not got the dates—I assume you signed a contract in, let us say, November 1945. That contract would expire in November 1946?—A. Yes.

Q. Now, you would not go on strike unless that contract had expired and you had entered into negotiations upon a new contract?—A. That depends upon the terms of your contract.

Q. Let us talk about the terms of the contracts which had not expired yet when you went on strike. You should know the general terms of those contracts. You say before you go on strike you have in those contracts a clause which says you have to go through a grievance procedure and you mentioned arbitration. I do not know whether all of them contain that, do they?—A. Some, I think.

Q. You do not do that?—A. I do not do which? Arbitrate?

Q. Yes.—A. Well, in no case are wage rates under any of our contracts subject to arbitration.

Q. Yes, but you sign agreements, do you not?—A. Yes, but there is nothing in the agreements that calls for arbitration.

Q. Where do you settle the matter of wages?—A. In negotiations.

Q. If you arrive at a joint application what happens then?—A. If we arrive at a joint application it goes to the regional War Labour Board.

Q. If you did not arrive at a joint application what did you do?—A. As a rule we have been filing individual applications with the regional board, and as I mentioned in answer to Mr. Howe's question we have not been successful in getting any of our requests that went to the regional board approved.

Q. You have not been successful in having them approved?—A. Yes, that is right.

Q. And because they were turned down you went on strike?—A. We did not go to the regional board on this program. We never got actually into negotiations with the companies until the commissioner was appointed, and some of the offers you were reading about now were not made until long after the commissioner had made his report and the strike was on.

Q. Did you not start negotiating the seven-point program, according to your brief, at the expiration of some of the agreements you had with the companies?—A. With some of them, yes.

Q. And you took it for granted at that time you would force the other companies into accepting that particular pattern and therefore you went on

strike in all the plants in which you are certified?—A. For instance, take Goderich. The wage clause in Goderich says that wage rates shall be negotiated now apart from the contract. There is nothing in the contract covering it. That means that we are going to battle that out separately.

Q. And the way to battle it out is to present an application to the regional War Labour Board?—A. That may be. Our experience has taught us so far, as I said, that we have not been successful in getting anything through the regional War Labour Board.

Q. In other words, you need not follow the law?—A. The thought we had in mind was that they could—these companies could get some kind of joint submission to the War Labour Board. We were not successful to a little degree in doing that.

Q. I am satisfied with the answers you have given so far to the former questions. Now, if I tell you that there is in this country a full blown conspiracy on the part of the Canadian manufacturers against the Canadian people and that particularly that is in connection with production; that there is a sit-down strike in production as a means of securing benefits, price increases or tax reductions or ceilings on wages, would you agree to that?—A. Not without some information on that. Your saying it does not convince me. That could be.

Q. I am asking you.—A. I did not say it.

Q. Do you think there is a sit-down strike by manufacturers in Canada as far as production is concerned?—A. I do not know about production. I think there is a sit-down strike on the part of employers with respect to granting wage adjustments to employees in their plants.

Q. My question does not appertain to wages. I am asking you if you think manufacturers are not accelerating production as they should.—A. I would not know about that.

Q. That would not happen in your industry, would it?—A. We are working full time as far as our industry is concerned. It is going full time.

Q. I took this charge from a brief which was sent to us by another of your brothers, that the employers are against production.

Mr. MACINNIS: Surely Mr. MacKenzie should not be questioned on matters—

The VICE-CHAIRMAN: The question is quite in order. He asked if the witness agreed with a certain statement. He had a perfect right to ask that question. It would not make any difference if it came from the Bible or Opie Reid. That is his right.

Mr. MACINNIS: Yes, but Mr. Chairman—

The VICE-CHAIRMAN: The ruling stands.

By Mr. Beaudoin:

Q. Mr. Mackenzie, you are against decontrol?—A. Decontrol?

Q. Yes.—A. Well, in a way, yes. I believe this, that during the transition period we have to have some kind of control on both wages and prices, but at the same time I believe that after the transition period is over then, whatever that period of time should be, we should get back to free collective bargaining as to the basis for adjustment on these things that to-day we have controls on.

Q. I mean as far as control of prices and commodities are concerned. You think that the controls should be lifted, but that many of them should be maintained as we go through this reconversion period?—A. That is right. I believe it is necessary to have some controls during the transition period from war to peace.

Q. On page 6 of your brief you speak at length of this matter of price control and the cost-of-living index and you say: "There has already been a substantial increase in the cost of living and many steps have been taken since V-E day to relax price controls and remove subsidies, the full effects of which

will not be felt for some months, although as a preliminary result the index has already risen from 119·8 at April 1 to 125·1 as of July 1." Then you go along on that line and conclude on page 7 with these words: "It is therefore apparent that in a great many cases, the increase asked for will not even be sufficient by itself to maintain the weekly earning and purchasing power of workers at the increased cost of living next winter. Employees in this industry should not be forced to accept a reduced standard of living as a penalty for the relaxation of price controls and the trend toward shorter hours." Now, you want wage increases?—A. That is right.

Q. According to your statement here, do you not think that the cost-of-living index has gone up and that you anticipate it will go up much more in the months to come, and do you not think that workers throughout Canada would not be entitled to a general wage increase also?

Mr. CROLL: Other workers?

Mr. BEAUDOIN: Yes, outside of your union?

The WITNESS: Certainly, I believe they would be entitled to wage increases as well as people in industry.

By Mr. Beaudoin:

Q. Mr. Conroy has told us that in the Canadian Congress of Labour and affiliated bodies there are about 500,000 workers or 700,000 workers, and Mr. Conroy has come here and has asked for wage increases for them, and he has given us a picture of the programs which these unions have. Now, you are giving us this statement. Besides these 700,000 workers who are in your union, the Canadian Congress of Labour, do you agree that other workers across the country should deserve, according to your argument, a general wage increase?—A. Yes, I believe that people in other industries, possibly those that are not organized, people in the white collar class—all of those people should be entitled to adjustments.

Q. Now, since the cost of living has increased to the extent you say it has, and you have quoted statistics; and, since the cost of living will increase in the months to come, don't you think the farmers and the fishermen and the other people in this country are entitled to have an increase in their prices, in the price of their goods?—A. Well, frankly, I could not say what the reaction would be. My own reaction would be to say that they are entitled to have an adjustment on the prices of their products if it is necessary, if their price is too low, if they are not getting a decent living out of the situation as it presently exists. But I could not say offhand whether they should have an increase because I do not know anything about the situation as far as the farmers and fishermen are concerned.

Q. Would you tell me, Mr. Mackenzie, what things affect the cost of living, make it rise?—A. Well, increased price would be one thing.

Q. Increased prices; you say the farmer and the fishermen should be entitled to get a rise in the price of their products.—A. I did not say that, not exactly in that way. I have not knowledge of what their condition or the situation is on the farm or in the fishing industry, and would not be able to say whether or not they should have any increase in the price of their products.

Q. I mean it would be logical for these people, taking your argument, their ceilings have been up there for a certain number of months, and noticing that the cost-of-living index has increased so many points that they are entitled—following your own argument,—to a better price for their products. That would be just as right as you are. Your argument is that the cost-of-living index has gone up and you have to ask for a wage increase. Therefore, their argument would be for an increase in the price of their products. That is a parallel situation, isn't it?—A. Well, as I said before, I cannot answer that question as

to whether or not a price increase is required for them, because I do not know the situation there. You are asking me to say whether or not I believe they should get a price increase. I have explained to you that I do not know the situation as far as farming is concerned and as far as fishing is concerned.

Q. May I suggest to you that you do not have to know the situation. You know, and you said, that there is a cost-of-living index?—A. That is right.

Q. That goes up and it shows a rise sometimes, doesn't it?—A. That is right.

Q. As a matter of fact, it has shown a rise since it has been established. Isn't that a fact?—A. Yes.

Q. That cost-of-living index shows a rise for workers; it also shows a rise for farmers and fishermen and white collar workers and everybody else in the country. Now, following your line of argument; because the cost-of-living index has gone up, and you anticipate it will go up in the months to come quite sharply, you are entitled to a wage increase. I say, all right. And now, I am asking you, have you not got a parallel situation as far as the farmers and fishermen are concerned? and, would you not grant them the right to argue along the same lines as you are, and if the workers are entitled to wage increases are they not entitled to increases in the price of their products?—A. I certainly would grant them that right.

Q. You would not?—A. I say that I certainly would grant them that right. It is a right they have now.

Q. All right. I am asking you again, what makes the cost of living rise?—A. I answered that before.

Q. Is it not because of an increase in the price of commodities?—A. That is one of the deciding factors.

Q. Now then, following out your line of argument, we need to increase the price of the products of the farmer and the fisherman, and when we do that the wage increases to the workers will be absorbed and then a new increase will be demanded by the workers, and will have to be granted.—A. I don't think it necessarily works that way, not exactly the way in which you have suggested, because the question of the farmer, the fisherman and these other people getting wage adjustments does not necessarily mean that everybody would need to have a wage adjustment because of the change in the cost-of-living index, that it is going to go where an additional wage increase will be required by others.

Q. When it comes to farmers, you do not talk of wage adjustments; you talk of the price of products and it is a parallel situation as far as I am concerned. What I am trying to tell you is that if your argumentation is right—and I do not contend that it is not—the farmers and fishermen would have the right to ask for better prices; and if they do ask for better prices, who are going to be the victims of that? The workers buy milk, do they not? They buy butter, do they not?—A. That is right; and it is costing them more now.

Q. Yes, and it may cost them much more in a few months. Is that not possible?—A. That is possible.

Q. You anticipate a higher cost of living?—A. That is in there; it is in the brief.

Q. All right. Would it be very difficult for you to give us the dates at which these agreements have been signed and the dates at which they expired?—A. I do not have them here.

Q. No. But I understand this committee may sit again because there are two or three of your colleagues who have yet to appear.—A. Yes.

Q. So there will be other sittings.—A. Yes. I can gather up those dates for you.

Q. You could give us the dates, could you?—A. Yes.

By the Vice-Chairman:

Q. Just a minute, Mr. Beaudoin. If it is possible to get the dates, might it not be possible to get the documents themselves?—A. Certainly.

The VICE-CHAIRMAN: That would be better.

By Mr. Beaudoin:

Q. At the same time, would it not be possible to give us the dates of the applications you made to the War Labour Board in each case?—A. To the War Labour Board?

Mr. CROLL: The regional war labour board?

Mr. BEAUDOIN: Yes.

The WITNESS: In this case?

By Mr. Beaudoin:

Q. No, in each case you signed an agreement and of course you left out the wages and hours to be negotiated; because even if you had agreed upon it you would have had to file a joint application before the regional war labour board to have it granted?—A. That is right.

Q. All right. Therefore in each case you must have had some date at which you placed an application—either a joint application or a separate application—before the regional war labour board.—A. Well, we have cases—we can give you dates of cases we have placed before the regional war labour board—but the signing and the date of the agreement does not necessarily mean that a wage adjustment or negotiations for a wage adjustment were handled at that particular time. We signed our agreement. Our wage rates were negotiated separately from the agreement. In none of our agreements do we have the wage rates listed in the contract for the life of the contract. I know other organizations do that. They have a contract for working conditions and then they have a list of wage rates paid on every job listed in the back of the contract. But we do not do that. And the date of the signing of the contract does not necessarily mean that at that particular date any application was made to the regional war labour board.

Q. But you will understand that it would help the committee if it had the date at which you filed those applications to the regional war labour board. I know that it is understood since you left those questions out to be negotiated afterwards, that it would indicate they were negotiating around that time; but you will admit with me that nevertheless there is a date at which you placed those applications before the regional war labour board.—A. Let me put it this way, that under our contracts when we negotiate an adjustment, we may negotiate an adjustment for 15 people; we may negotiate an adjustment for 100 people or for 1 or 2 people. Do I understand you correctly that you want us to send you in copies for each of the individual local unions of these applications to the regional war labour board for those adjustments?

Q. Oh, no.

The VICE-CHAIRMAN: May I interject there, Mr. Beaudoin?

Mr. BEAUDOIN: Yes.

The VICE-CHAIRMAN: I think that the question relates to the applications to the regional board prior to these strikes or this strike. Is that not right?

Mr. BEAUDOIN: That is right.

The VICE-CHAIRMAN: I think the witness has said they made no application to any war labour board prior to this strike.

Mr. CROLL: Yes, he said they did, and he would produce the documents and file them here.

Mr. MACINNIS: No, not on that.

By the Vice-Chairman:

Q. No. Prior to and not with relation to the issues in this strike. That is right, is it not?—A. That is right.

Q. In other words, you by-passed the regional war labour board as far as this strike is concerned. Is not that right?—A. We have not made any approach to the regional war labour board on this yet, because we have not negotiated anything yet to make an application on.

Q. That is right.

Mr. CROLL: The reason he gives for not doing that is because he has pending applications, many of them.

Mr. SMITH: Mr. Chairman, during this little hiatus may I rise on a point of privilege to which my friend, Mr. Beaudoin, will certainly agree. It was pointed out to me by Mr. Gillis. My point of privilege is in order in this way. It was pointed out to me that I made the suggestion in speaking to Mr. MacKenzie that while the men were on the street he was drawing his salary. If I said that it is utterly unworthy of me and I want to apologize privately and I apologize publicly to Mr. MacKenzie for having said that.

The VICE-CHAIRMAN: I have no recollection of you doing that.

By Mr. Beaudoin:

Q. Mr. MacKenzie, I will conclude with this request to be kind enough to give us the dates on which the agreements were signed, and the dates on which you filed applications with the regional war labour board. That is before strike action was taken. Listen, let us understand each other on this.—A. That is what I want to do.

Q. You have agreements which had not expired yet when you took your strike action?—A. Yes.

Q. In each case I want the last date with reference to each agreement that you have with all these plants for whom you are the bargaining agent. I want the last date at which you presented an application to the regional war labour board.—A. For what, a general wage adjustment or for anything?

Q. No. You are now asking all the companies to agree to a general pattern, but before you negotiated your agreements separately. This is the first time you went to the companies to get together and agree on a general pattern?—A. We are still negotiating with them separately. We still negotiate each one separately.

Q. But the pattern you present to them now is a uniform pattern?—A. We have not got a pattern yet.

Q. That is this seven point program you are talking about?—A. That was presented to every one of the plants; that is true.

Q. That is the general pattern I am talking about.—A. The thing that I cannot get here is that I thought I pointed out that maybe the last application we made to the regional war labour board for local 73, for example, may have been a joint application from the company and the union for an adjustment for three people. Is that what you want?

Q. Yes.—A. Just the date of the last one?

Q. I should like to have the date of the application to the regional war labour board which was consequent upon your signing of the agreement. That must have been for many more workers than two.—A. That is what I thought I had explained to you earlier, that we do not necessarily negotiate a wage adjustment for a number of people at the time of resigning the working contract.

Mr. JOHNSTON: They are two different types.

By Mr. Gibson:

Q. What it does is define you as the selective bargaining agent?—A. That is right, and lays out working conditions.

Mr. BEAUDOIN: I do not know whether it is because I cannot make myself clear or because you do not want to understand or because I cannot understand you, but I have got something which, in my mind, is very clear. Maybe I cannot find the words to express what I have in my mind.

Mr. McIVOR: It is 10.30. I think the witness has been on his feet for nearly two hours. I think he should have a rest until Monday.

Mr. SMITH: He is a husky.

Mr. CROLL: He probably wants to go home to-night.

Mr. JOHNSTON: Let the witness sit down.

Mr. SMITH: Let us go on until eleven anyway.

Mr. BEAUDOIN: As far as I am concerned I am not going to press this question as long as Mr. MacKenzie agrees to give me all possible data with respect to the dates of the agreement, the dates of the applications to the Regional War Labour Board, and whether they were joint or separate applications; and then I will be satisfied.

By Mr. Lieff:

Q. The Right Hon. Mr. Howe asked you a question as to how many agreements were still outstanding at the time you went on strike, and you said: about four. Would you care to name them?—A. Merchant's Rubber, Kitchener, 67.

Q. 12,000 employees is that it?—A. Yes.

Q. Yes?—A. Goodrich, 73.

Q. That is Goodrich, that makes 26.—A. Bowmanville 189.

Q. Right after that?—A. 232, Goodyear, New Toronto; 113 Firestone.

Q. Do I take it with respect to the agreements with these companies that they were open end agreements? In other words, that they did not provide for wages for the period of the contract?—A. Yes, and they did not provide for "no strike" in case we were unable to come to an agreement.

Mr. SMITH: What were they? I got only three.

Mr. CROLL: I have 67, 80, 73, 189, 232, and 113. Is that correct?

By Mr. Lieff:

Q. You want the record to go as follows: that there were no wage adjustments under these agreements?—A. There were no wage adjustments under these agreements.

Q. You had no agreement as to the rate of wages for the period of the contract?—A. In some of these contracts, for instance, in the Goodyear, that was a question we discussed with them; they said that the contract stated that all during the life of this contract wages approved by Regional War Labour Boards shall be in effect. We took that to mean that we could apply to the Regional War Labour Board and then these rates would be in effect.

Q. Did you apply?—A. No, we are still in the process.

Mr. GIBSON: I would like to move that we adjourn at 10.30.

The VICE-CHAIRMAN: There is a motion to adjourn; we might just as well settle this thing in an orderly fashion. There is a motion to adjourn and such a motion is not debatable. All those in favour, signify in the usual manner. Those opposed, if any? I am afraid I shall have to have a recount.

Mr. CROLL: Cannot you declare it one way or the other?

The VICE-CHAIRMAN: I do not want to make any declaration after the jam I got into a little while ago. All those in favour of adjourning? And those opposed? It being even, I have the casting vote, and I declare in favour of adjournment.

The committee adjourned at 10.30 p.m. to meet again to-morrow, August 10, at 11.30 o'clock a.m.

APPENDIX A

Witness will be MR. GEORGE BURT

Statement of the Facts Pertaining to the Dispute Between the UAW-CIO, and the Brunner, Mond Canada Limited in Amherstburg, Ontario, and Canadian Industries Limited (CIL) in Windsor, Ontario.

Mr. Chairman and Members of the Parliamentary Committee on Industrial Relations: Chemicals which are essential to certain industrial processes and to the health of the people are not being produced because the U.A.W.-C.I.O. membership in the Canadian Industries Limited (C.I.L.) plant in Windsor and in the Brunner, Mond Canada Limited plant in Amherstburg have had to resort to the strike as a means of acquiring wage increases, and provisions for union security in their collective agreements which have, in the main, become accepted by enlightened employers. Among these critical chemicals are soda ash (or sodium carbonate), used principally in the manufacture of glass, textiles and chemicals; caustic soda, essential to the manufacture of textiles, soaps, pulp and paper and to the chlorination of water; calcium chloride, which is used for dust laying; and ammonia sulphuric acid, etc.

There is apparently no other source in Canada for these industrial chemicals because Brunner, Mond Canada Limited is the only manufacturer of soda ash in Canada, and the Canadian market seems to be reserved for it by reason of its association with Solvay Process Company, an American corporation which in turn is a subsidiary of Allied Chemical and Dye Corporation. The Canadian market appears to be allotted to the Brunner, Mond Canada Limited under a tripartite agreement between the United States Alkali Export Association; Alkasso) of which the above-mentioned Solvay Company was an original member, the Imperial Chemicals Industries and Solvay et Cie (Belgium). According to recent government statements covering the operations of international cartels it would appear that soda ash and certain other chemicals will not be available from independent sources until the major powers draw up an international agreement regulating, restricting or abolishing these cartels.

The effects of these cartel arrangements and the refusal of the Brunner, Mond Canada Limited to meet the request of the U.A.W.-C.I.O. membership for wage increases and union security provisions is evident in the closing down of the glass industry in Canada through the lack of soda ash.

Textile, pulp and paper and other industries in Canada are beginning to suffer from the lack of the other chemicals mentioned above which are produced chiefly by Canadian Industries Limited, particularly in its Windsor plant. With Imperial Chemical Industries and Du Pont in control of Canadian Industries Limited (having a combined equity in the common stock of C.I.L. in excess of 80 per cent), the supply of essential chemicals such as caustic soda is subject to international cartel arrangements. When production is stopped in Canada, Canadian industries suffer from the lack of these chemicals.

A combination of high prices resulting from these cartel arrangements, low wages and mass methods of production have achieved enormous profits in the industry. Net Profit for Canadian Industries Limited have been running at the rate of 7 and 8 million dollars a year, or roughly \$1,300 a year per each employee.

In the present wage dispute neither Company makes any pretense of inability to pay. In the course of negotiations, which started back in October, 1945, a C.I.L. representative made this quite clear when he stated "The mere fact of inability to pay is not an argument as far as the Company is concerned. We are not pleading inability to pay".

The U.A.W.-C.I.O. membership in the two plants have been asking for the same wage increase, namely, two dollars a day, which they are seeking in the higher paid auto industry. In the C.I.L. plant in Windsor the base rate is 70 cents per hour and in the Brunner Mond plant in Amherstburg the base rate is 61 cents per hour. In response to this moderate request, both Companies offered increases of 10 cents per hour. The Brunner Mond Company stipulated further that if the pattern of wage increases is higher it will pay the addition.

The union finds itself in the peculiar position of being expected to establish this pattern of wage increases in an industry where wages are low when it is seeking a much higher wage increase in the whole of the auto industry where the wage rate is considerably higher. Since the wage increased requested in the auto industry merely restores purchasing power to the level of 1939, the union could hardly be expected to accept a much lower increase in an industry where wages fall far short of the standard of living generally prevailing in the area.

With most of the workers in the area receiving much higher wages and with the chemical industries enjoying enormous profits and paying lower wages, there develops inevitably a deep sense of frustration.

In the face of the almost cynical attitude of the two companies in Windsor that wages in the Windsor plants are low because wages in other chemical plants of the same company in other areas are also low, the U.A.W.-C.I.O. membership were compelled to take strike action.

The standard of living of the low-paid chemical worker has been seriously threatened by the increase in the cost of living in the Windsor area. The cost of living for an average working class family in the Windsor area was 35 per cent higher in June this year than in June, 1939. Food prices were up nearly 50 per cent, rents 15 per cent and fuel 18.5 per cent. Between April and June this year food costs rose nearly 7 per cent.

In turning down the request for union security provisions in the collective agreement the chemical industry is flying in the face of a principle in industrial jurisprudence accepted not only by employers in the Windsor area but by enlightened employers in Canadian industry. The two companies refused to accept the principle of union security even after a Board of Conciliation recommended it, the Board's findings having been based on conditions in the plant and experience in Canadian industrial-labour relations.

The deadlock between the low-paid workers and the two cartels on the question of wage increases and union security will cause untold hardship in the country unless agreement is brought about immediately. The U.A.W.-C.I.O. membership in the two chemical plants can hardly be expected to continue to work for low wages in an area where the higher paid workers are seeking the same increase in wages in order to maintain the standard of living generally prevailing in that area.

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Canada Industrial Relations
Letter No. 1390

(SESSION 1946
HOUSE OF COMMONS)

(STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 19

MONDAY, AUGUST 12, 1946

WITNESSES:

Mr. C. S. Jackson, Canadian President, United Electrical Workers of America, Toronto, Ont.
The Honourable Humphrey Mitchell, Minister of Labour, Ottawa, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

MONDAY, August 12, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Bentley, Blackmore, Case, Charlton, Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, McIvor, Mitchell, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*).

In attendance: Mr. Lieff, of Counsel for the Committee.

Mr. C. S. Jackson was recalled and further examined.

In the course of the examination of Mr. Jackson, copies of a letter addressed to the Chairman by Mr. Donald Gordon were distributed to the Committee.

On motion of Mr. Croll:—

Resolved,—That the letter of Mr. Donald Gordon be printed into the record.

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m. this day.

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Baker, Beaudoin, Belzile, Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Gillis, Gibson (*Comox-Alberni*), Howe, Johnston, Lalonde, Merritt, MacInnis, McIvor, Mitchell, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

Mr. C. S. Jackson was recalled and further examined.

Mr. Jackson retired.

Mr. Gillis moved that Mr. Conroy be recalled now for further examination.

And the question being put, it was resolved in the negative.

The Honourable Mr. Mitchell was recalled and further examined.

The Committee adjourned at 5.30 o'clock p.m., until 8.30 o'clock p.m., this day.

The Committee resumed at 8.30 o'clock p.m., this day. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Baker, Beaudoin, Belzile, Bentley, Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, McIvor, Mitchell, Raymond (*Beauharnois-Laprairie*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

The Honourable Mr. Mitchell was recalled and further examined.

The Committee adjourned at 10.00 o'clock p.m. until Tuesday, August 13, at 11.30 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

August 12, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 o'clock a.m. The Chairman, Mr. Maurice Lalonde, presided.

Clarence S. Jackson, recalled.

By Mr. Lieff:

Q. Mr. Jackson, I wonder if you would care to turn to page 11 of your brief. The second paragraph on that page reads as follows:—

An agreement was reached among the Canadian Congress of Labour Unions that to the extent possible the War Labour Boards should be ignored and genuine collective bargaining established on wages.

Can you tell me when that agreement was reached?—A. In a memorandum presented to the Cabinet on April 5, 1946, by the Canadian Congress of Labour the statement was made in that presentation that labour was calling for the abolition of war labour boards. This was a summation of the discussions that had been carried on within the Canadian Congress of Labour executive council and wage co-ordinating committee, and summarized the views of the Congress with regard to war labour boards.

Q. I suppose the discussions took some time? What period of time did they cover?—A. Roughly from the latter part of 1945, November and December, through the first two or three months of 1946 in preparation of this memorandum.

Q. What unions arrived at that agreement?—A. It was the Canadian Congress of Labour Executive council in the first place that discussed it; it was the wage co-ordinating committee of the Canadian Congress of Labour, which embraces virtually all of the large unions in the Canadian Congress of Labour, so to name the particular unions would be to go over the roster of the Canadian Congress of Labour.

Q. I take it the bulk of the unions agreed to that proposition?—A. We could say that the Canadian Congress of Labour agreed to that proposition.

Q. Can you tell me as to whether the individual unions were consulted and whether they agreed individually?—A. I can speak for my own union; I cannot speak for what happened in the other unions.

Q. Let us talk about your union then.—A. These matters, as you will appreciate, have been the subject matter of discussions within the various unions, and particularly our union, even prior to V-J day. They arose out of the needs of the workers for improvements in their wage and hours conditions. At various meetings the matter would come up for discussion as to how we can adequately deal with our wage needs in view of the operation of the particular war labour boards, both regional and national, so that it was a matter of current and continuing discussion.

Q. Then let us go down two paragraphs below that.

Even after the order in council governing the policy of the war labour boards had been changed and the basis of reference made "just and reasonable," there was still an accumulation of evidence that boards

were only prepared to consider a general wage increase if an employer singly, or an employer jointly, with the union made the application, and then only if the amount was below ten cents an hour.

I refer particularly to the phrase "accumulation of evidence." I wonder if you could tell the committee what that evidence was.—A. Over a period of four or five years during the war period every union has had considerable experience in taking its wage matters before war labour boards. Wage matters before boards could be dealt with in the main only under specific classification requests rather than under the heading of a general wage increase. Any union can from its files produce evidence—our union can—as to the length of time it took to process a particular wage request. Our union in 1946 had two experiences. One was in connection with the Westinghouse Company, which we have recited in this brief where following a reduction of hours, and the reduction of the weekly pay from 53 hours to 44 hours pay per week, our union filed with the regional war labour board a request for improvements in wage conditions specifically heading that request up for \$1 a day increase in the wages of the Westinghouse workers. This matter was before the regional war labour board for several months, and was finally turned down.

In another case, that of the International Silver Company of Hamilton, a joint request was made to the regional war labour board for an increase in the hourly rates of pay of 15 per cent, and a statement made in the company brief this would not entail any request on the part of the company for a price increase. This request for 15 cents an hour was turned down by the regional war labour board.

By Mr. Croll:

Q. 15 per cent or 15 cents?—A. 15 per cent. It was turned down by the regional war labour board and only after a few months further delay was taken to the national war labour board, and I believe the month was either the latter part of May or the early part of June that the national board finally did approve the 15 per cent. Our experience has been in a multitude of cases that where the union made a single submission to a war labour board and the employer opposed it that submission was almost always invariably turned down by both the regional board and the national board on appeal.

By Mr. Lieff:

Q. That is your answer?—A. Correct.

The CHAIRMAN: Is the committee through with Mr. Jackson?

Mr. SMITH: I have some questions to ask. May I do so sitting down? I got wet in the rainstorm and I have got an unwelcome visitor called neuritis.

The WITNESS: May I accompany you in that complaint, sir?

By Mr. Smith:

Q. Mr. Jackson, I had intended going through your brief but I do not intend to do so. You did file what is called an introduction to your brief. In it you say:—

The government witnesses before this committee has raised the question of inflation as most fundamental to Canadian economy, and as the problem for all people, especially the workers. These witnesses have attempted (with press support) to place the blame for the present inflation on the working people and at the same time use it as a club over those workers and their unions, to prevent them from bringing their wages into line with new high prices. Inflation has been with us since before V-E day—inflation has been brought about by the government of Canada—in support of the demands of big business—against the interests of the Canadian public generally.

You do not mean that, do you?—A. I most certainly do. When we make assertions we make them on the basis of conviction.

Q. All right. Then also on the first page in No. 1 you say that the government thus promoted the inflationary process. In your main brief you charge a conspiracy between the government and business to bring about inflation, and a conspiracy against the Canadian people. That is on page 1.

These workers have for the past several months become increasingly convinced of the existence of a full-blown conspiracy on the part of Canadian manufacturers against the Canadian people.

You include the government, if I read your brief correctly, in that conspiracy with the employers, do you not?—A. We have included the government in that charge because of the statements made by the Department of Labour, the statements made before this committee and attributed to the Wartime Prices and Trade Board by the Department of Labour prior to the sittings of this committee in which those two departments have chosen to tell the Canadian working people that they are placing Canadian economy in jeopardy if they demand more than 10 cents an hour increase in hourly rates of pay. The Canadian labour movement does not share the views of Mr. Gordon with regard to the relationship of wages, labour cost prices, and we have set out or attempted to set out in our brief our belief that the economy largely expounded by Mr. Gordon supported by the Department of Labour and accepted on their behalf by the employers as an actual economic fact that there is a direct relationship between wages, costs prices and inflation; but rather in our opinion and as the result of our study of economic facts as they affect the Canadian people, the only way that one can justify the claim of relationship as between wages increase and price increase is if one starts from the premise which Mr. Gordon expounded rather ably, that what constitutes a reasonable profit shall be judged solely by those who will be in receipt of that profit.

Q. Are you satisfied with the use of the word conspiracy against the Canadian people? Do you mean that?—A. I am quite satisfied we have used the only words that could properly picture the situation in so far as it affects both the working people and the Canadian people.

Q. Do you think that a statement of that kind is going to do you any good before this committee?—A. I would have to answer that in one way, Mr. Smith; that we have to present to this committee, which we understand at the moment is the only tribunal before which labour can be heard, or the only tribunal which at the moment apparently has any power to deal with the matter, with this question of labour unrest extending across Canada; we have to put our case before this committee in such a way as in our opinion will place all the facts before you. We have stated our belief in the brief which we have submitted, and it represents our belief as to the only way in which a proper settlement can be achieved.

Q. And you do so in the hope of some day getting these strikes settled?—A. We, more than any other people in this country want to have these strikes settled. We did not want to have them in the first place.

Q. Do you mean your chances of having them settled are any way improved by making this implication of conspiracy?—A. If such a conspiracy exists, and in our opinion it does, then it is most important to all concerned that the facts be brought out before this committee so that they may be able to pass proper judgment.

Q. And you insist on maintaining that position?—A. The brief presents our position.

Q. And you include the farmers in that conspiracy?—A. We include the farmers as part of the Canadian working people.

Q. You say that they are in conspiracy with the government and the manufacturers?—A. No, they are part of the Canadian working people.

Q. Then, what do you mean by your statements in number 2 and number 3: The government continues to speed inflation by the removal of subsidies on many of the necessities of life such as fruit, milk, butter, etc.; thus advancing the price for butter and so on—the things produced by farmers, they raised the price on the things produced by farmers. Are they excluded from your conspiracy?—A. It is my understanding of the subsidies, Mr. Smith, that those subsidies were introduced for two purposes; first, to aid and protect the farmer, and, second, in order to avoid jeopardizing the standard of living or bringing about unnecessary inflation in this country. So it was not a move made by the farmer, rather it was a move made by the government in the interest of the farmer and of the Canadian people as a whole.

Q. All right. Here is a manufacturer whom you say is trying to get a high price. Here is a farmer who is trying to get a high price. Here is the government dealing with both of them. What is the difference? Why do you put them in a separate category?—A. Because we don't believe they belong there.

Q. Why?—A. I had begun to answer that question. I will expand it, if you like.

Q. Don't expand it, make it simple.—A. I will make it as simple as I possibly can.

Q. —so I can understand it.—A. It is our belief that the government should have continued these subsidies because of the present situation with regard to the price of commodities in this country which the farmer needs, also in terms of the needs of the Canadian people. These subsidies should have been continued until we were out of this reconversion period.

Q. Turning now to number 7 on page 2, you say there that the government must stop the sell-out to employer interests and protect the Canadian people against inflation. I suppose you know that I am not a supporter of the government. Do you know that?—A. I understand you are a member of the Progressive-Conservative party.

Q. Yes. Do you think there is any truth in that sentence?—A. We believe so or we would not have put it in there.

Q. All right then, we will go on to the second paragraph which refers to this conspiracy. What was the conspiracy supposed to do? What was its main object?—A. We have explained that in our brief by saying that there are three approaches to that conspiracy which was designed first to increase prices; and secondly to reduce taxation on corporate property—control of hold-the-line wages and, third, the approach that has to do with increasing the proper position of the corporation.

Q. And inflation?—A. Add up to inflation, and also puts the corporations in a position where they will be able to go through the next year and a half or two years making sufficient profits to ride the storm which even corporate interests admit will take place within eighteen months or two years—such prognostications have been made in my presence by leaders of some of the largest corporations in big industry, and I do agree them, only I think it may not be more than eighteen months before we have that next depression.

Q. All right. Let's just deal with that at this point. This conspiracy you say in producing inflation in Canada?—A. It is producing a profit position for the corporations so that when inflation comes along they can work on in their stride.

Q. Do you say it does not produce an increase in the cost of living for services and a constant lowering of the purchase power of the dollar?—A. I say it is a conspiracy to set corporate industry above the necessity of the Canadian people, and that inflation plays a role in that process.

Q. Is the object of it to produce inflation, or is it not?—A. I think I have answered the point of your question fairly, Mr. Smith.

Q. You have not answered. Answer simply yes or no.—A. I say that inflation is part of the process, and inflation affects people more than it affects corporate industry; therefore, they are not so much concerned about that aspect of it.

Q. What have the manufacturers to gain from inflation?—A. The manufacturer has to gain in the first place, by the increasing of prices, a greater profit; by holding down the wages, a greater profit; by reduction of taxation through the elimination of the excess profits tax and reduction in corporate taxation, extra profits; and by that process the large manufacturer can stand inflation principally because of the fact that his holdings are largely real estate, and he benefits from his holdings in what is practically a monopoly control in an industry.

Q. The manufacturer's dollar in inflation is not worth any more than any other persons dollar.—A. The manufacturer's dollar?

Q. Is it?—A. Just a minute—the corporation dollar is not often found in hard cash; that was only in the war years, in most cases they are in some form of investment such as in real estate, real property.

Q. Surely you believe in the principle of the use of profits for the expansion of a business and the purchase of materials.—A. I do, providing there is a decent wage and a decent standard of living established in the country.

Q. Where does the manufacturer benefit? The manufacturer's dollar isn't worth any more than anybody else's dollar is it.—A. It is not so much a matter of his dollar. It is the way in which that dollar is invested. Where it is invested in real estate and equipment it is not so much affected.

Q. Money is no good except in respect to what it can buy, is it?—A. Money has two values; as of today, and as of tomorrow, and the manufacturer is able to set aside for tomorrow, where the average Canadian citizen is not.

Q. Then what you are suggesting is that he is setting aside for to-morrow on the chance that he may be able to make something with it?—A. He can take a chance on the value of the dollar when he converts it into cash later on when the inflationary period has passed.

Q. So you say the manufacturer can hold his money in the form of investment and convert it back into cash when the inflationary period is over; but does that really make any difference as to the real value of the dollar during a period of inflation? Is not his dollar affected just as much as anybody else's?—A. In essence you are perhaps correct. If you consider only the value of the corporation's dollar bill, then possibly you are correct; but I think it goes beyond that.

Q. Well, the corporations pay their dividends in money as a rule, don't they?—A. Sometimes in stock.

Q. Sometimes in stock, that is perfectly true.—A. It is in Westinghouse.

Q. It would be in stock, and, of course, they have to convert those stocks into money.—A. Well, because money is a medium which gives control over a number of other articles or commodities or others.

Q. You think that industry is aiming at a collapse?—A. No, I did not quite say that. No; industry is not aiming at a collapse for industry.

Q. What is that?—A. No; industry is not aiming at a collapse for industry. But industry has been able over the past many years to make profits out of depressions and periods of prosperity.

Q. Is industry aiming at a depression, to use your own words?—A. No. I do not say industry is necessarily aiming at a depression. Industry, unfortunately, appears in our opinion, by reason of the approach it has to the present problem in the present period of reconversion, to be going to bring about a depression and it is not concerned about it because it can still make something out of the depression.

Q. You think that everything they are doing is productive of a depression?
—A. I do so believe, yes.

Q. Then if they are intelligent, they must be seeking a depression. That follows, does it not?—A. That is what surprises me so frequently.

Q. So you think they are just being dumb in this attitude of theirs and they are going into it without a realization of what is going to happen?—A. May I put it the other way, that they fail to understand their place in a normal society and for their own personal and selfish purposes are heading first of all to take the Canadian people over the jumps and, to some limited extent but not to the same extent, take themselves over the jumps.

Q. So your theory now amounts to this, that they are aiming at a depression because they, in that depression, will suffer less than others?—A. Well, I would say "and gain more".

Q. What is that?—A. And gain more.

Q. Well, will you not go with me and say, "suffer less than others"? That is the result of what you have just said.—A. Well, no. That is one side of the coin only. There are two sides to most coins.

Q. I know that too. But what do you mean by that?—A. By that I mean—

Q. There is a head and a tail side on most of them.—A. By that I mean that in the final analysis, in the case of the corporate interests, they stand aside from the interests of the people and the nation as a whole, and they stand to gain from depressions. How long that gain will stand them in good stead I do not know; but at least they work on that momentary principle, apparently, because we have had many instances of cycles, of cyclical depressions that have come upon us in the main from what some people call over-production, some people call under-consumption, and there are many economic arguments on that score.

Q. Let us get into the depression. What can industry achieve if it cannot sell its products?—A. Well, industry in the first place, if it makes enough in selling its products during a limited period of maximum production, or shall we say high production, because we have not found as yet any full support for maximum production except during war time, is able to first of all amass considerable holdings.

Q. Holdings of what?—A. Property, inventory.

Q. What property?—A. Property of all kinds—commodities.

Q. Did you ever know of a machine that was not working that made any money?—A. Yes and no; because I have seen a lot of machines during the war—

Q. I am not talking about the second-hand business; I am talking about machines in factories.—A. There are all kinds of machines produced during this war that have been completely written off but are still making money even though they are not turning over, because some day they will, and they will be able to turn out large profits.

Q. They are not making money unless their wheels are turning, are they?
—A. In the final analysis, or at least in the immediate state, that may be so.

Q. All right. Let us go to the depression. Depression means that the people have not any money to buy things with, does it not?—A. But the corporations do have money to buy things.

Q. All right. What are they going to buy?—A. They are going to buy other different industries.

Q. An employer cannot eat tons of bread or anything.—A. He does not have to worry about that. He has plenty of income over and above his cost of living.

Q. Suppose he has. He is operating an industry. How in the world can you argue that an employer wants to create a depression where people cannot

buy the things he makes. Justify that, will you? That is your argument. Justify it if you can.—A. My argument is that the employer does not necessarily want to create a depression but that in the process—

Q. You are changing your mind now, are you?—A. No, not a bit.

Q. All right.—A. I say in the process of reaching for that extra dollar each time for profits, he does create a depression; but then he is able to weather that depression quite successfully. If he is a large employer, he is able to buy up a lot of his former competitors at knock-down prices and go into the next cycle in a much stronger position than he was when he left the last one.

Q. All right. Then he starts to create another cycle, another boom and another depression. Is that the answer?—A. Apparently it is, if my reading of the charts of boom and depression has been correct.

Q. Well, I am not going to go into that with you; but do you agree that the object of the employer today is, now that he has had big production, to create a depression so that he can buy up his competitors; then have another boom and get some more competitors, then another depression and keep killing them off? That is what you have said.—A. The object of the employer is to continually enhance his position; and it so happens that, in the process of doing that, he does it at the expense of the Canadian people.

Q. All right. You also state in your brief that the employer is on a sit-down strike. Let us just get into that. Are you on strike today or are you not?—A. Well, when we took action we thought—

Q. Surely you can answer that?—A. I am answering that. When we took action we thought we were on a strike. Since that we have found we are on a lock-out.

Q. I see. So your position now is you did go on strike?—A. We went on strike when we found the employers had made one decision, namely that you take the 10 cents an hour maximum or we will shut our plant down.

Q. All right. Let us get back to it. You did go on strike?—A. Correct.

Q. Right. And these strike-bound plants are picketed?—A. Correct.

Q. No one goes in or out?—A. At the moment nobody is attempting to go in. The company is not calling them in.

Q. Oh, now, now. No one goes in or out?—A. No. I insist on the fact that nobody is being called in by these companies at the present time.

Q. How would they get in?—A. I beg your pardon?

Q. How would they get in?—A. Well, I have seen many situations where a picket line was walking up and down and an employer called his workers in and found ways and means of getting them in.

Q. Well, you had better answer this question. Do you intend to let anybody in or out?—A. The intentions, I should imagine, will be decided pretty well by the local group in the premises and what lies behind the intentions of the employer to get people in. If it is an attempt to break the strike, which would be against the interests of the majority, then I am quite certain that the workers will make a decision to resist or persuade those people not to go in.

Q. I think that first word was a slip, but you spoke the truth, did you not?—A. Well, if you are afraid—

Q. Oh, no. You and I are not strangers.—A. I say resist, certainly; and resist can be interpreted in your own way.

Q. And you would not quarrel if that were mine?—A. If you were a union man you would interpret it in the way the workers would, I imagine.

Q. I belong to the oldest union in the world but still we have not got down to mass picketing as yet.—A. But you have the closed shop.

Q. That is what they tell you. But you said you went on strike. Since then no one has gone in or out of those plants?—A. There are possibly very minor exceptions.

Q. Oh, well— —A. One or two office managers.

Q. They are negligible?—A. Yes.

Q. What has happened, since nobody has gone in or out of these plants, to change those strikes to lock-outs?—A. I think the very fact that the employers are in this situation for, I would say, virtually, the first time in this country, and to my knowledge, in the United States they in the first place, prior to the strike, indicated that they were prepared to shut down their plants from three to six months; and that following on the commencement of the strike they have not carried through what are the usual tactics of the employer to break the strike line or to embarrass the union publicly—I would say that was sufficient evidence to add up to the conclusion that we have a lock-out.

Q. You do not mean that, do you?—A. It may change tomorrow or next week, I do not know, but at the moment it is virtually a lock-out.

Q. We will start again. The unions are on strike for a given wage and certain working conditions. Right?—A. Right.

Q. Those conditions have not been granted. Right?—A. That is why they are on strike.

Q. I beg your pardon?—A. I say that is why they are on strike.

Q. Yes, and that is the reason they are still on strike; so why talk about a lock-out?—A. I think you, as a labour lawyer, understand the terms quite as well and as clearly as I do.

Q. I think I do; and that is the trouble.—A. There is a technical interpretation and there is a very logical interpretation. The technical interpretation is that the employer tells his employee that as and of 9 o'clock or 7 o'clock next morning the gates are locked. That is only the technical interpretation. The real interpretation is that the employer makes all preparations to shut down his plant for an indefinite period, relating not only to the relationship between himself and his workers but to some larger interests, which, in this case, happen to be the Department of Labour supported by the Wartime Prices and Trade Board who have taken up the fight for him.

Q. You said that somebody moved his office equipment?—A. Yes.

Q. Isn't the reason for that the fact that they knew they would never get at it, once you threw a picket line about it?—A. He did not have any reason to believe that.

Q. What about Ford; I suggest to you that all the strikes that we have at the present time are on the basis that office workers are not permitted into those plants.—A. No, I could not agree with you; there has been no hard and fast rule laid down.

Q. Where would they get in?—A. In most of the cases, certainly in our strikes, there is no attempt made by the office workers to get in there, so we have not been faced with that situation.

Q. It is very obvious that the reason why no attempt is made is because they know they cannot get in.—A. I would not agree with you there.

Q. Is Anaconda in your show?—A. No, that is the Mines, Metal and Smelter Workers Union.

Mr. SMITH: That is all I have.

By Mr. Homuth:

Q. Is the Westinghouse Union one of your unions?—A. It is.

Q. Did they take a vote as to the strike?—A. They did; they took three votes.

Q. They took three votes?—A. Yes, and it is reported in the brief in some detail.

Q. When you took the vote, was there any—there has been a lot of talk about intimidation as to the people wanting to vote.—A. I do not follow you.

Q. There has been a lot of talk about intimidation of the strikers when they go to vote.—A. Talk by whom?

Q. By the workers, rather; would you agree with that, that there is no such thing?—A. I do not get your question.

Q. We hear a lot of talk about workers being more or less intimidated by the union heads with regard to taking a vote, in the way they have done; do you agree there has been anything like that?—A. We say most employers impute that to us, but we do not agree that it exists.

Q. Do you, as head of the union, advise the workers how they should vote, or do you let them have a free mind.—A. Naturally, as heads of unions we are responsible to give some leadership and we put forward our opinion and it is discussed by those workers and it is voted upon by those workers; and if they accept our position, all well and good. If they do not, all well and good. The course of action is dependent on how they accept the leadership they are given, and I think it is true of the nation as a whole. You people in the House of Commons give leadership to the country.

Q. Sometimes it is not accepted.—A. Well, theoretically.

Mr. HOMUTH: That is all.

By Mr. Beaudoin:

Q. Mr. Jackson, the American Federation of Labour in Canada together with the Trades and Labour Congress are competitors to the organization of the C.I.O. and the Canadian Congress of Labour?—A. I suppose it could be put in those terms, but I would not quite say "competitor"; I would say they were a separate unit movement of the labour movement.

Q. Which is the larger organization?—A. According to published figures, I think the Canadian Labour Congress is slightly in excess.

Q. Is the American Federation of Labour in Canada bigger than the C.I.O.?—A. I have not the figures in front of me but I think the Trades and Labour Congress is not totally made up of the American Federation of Labour, and neither is the Canadian Congress of Labour made entirely up of the Congress of Industrial Organization.

Q. Could I say that the American Federation of Labour and the Trades and Labour Congress are in opposition to the C.I.O. and the Canadian Congress of Labour, and that the former is two to one?—A. I would say that that was an exaggeration.

Q. But it is bigger?—A. Slightly; I might say that I do not see any opposition because we have very close relationship with many American Federation of Labour unions.

Q. And you would say that both labour movements hold practically the same views on many subjects?—A. Generally speaking.

Q. Would they hold the same views on price control, for instance?—A. I would say, generally speaking, the same views; but the tactical approach would vary from time to time.

Q. Would you say that it is about the same in the United States?—A. I would not think that the United States has too much bearing on decisions made by the Canadian counterpart.

Q. But there is a parallel relationship between the American movement of labour and the Canadian movement of labour, and you say that both movements in Canada practically hold the same views on price control.—A. On price control, I would say yes.

Q. And that the same thing has happened in the United States?—A. Generally speaking all organized labour holds the same view on price control.

Q. I read on page 3 of your brief, at the bottom: about the reasoning as to the declaration that was made here by Mr. Gordon and other departmental officials, and I would ask you if you know about this review, Labor's Monthly

Survey of the American Federation of Labor?—A. That is the United States section of the American Federation of Labor; yes.

Q. You know about this review?—A. I do not know that I have read that particular one, but I may have seen something about it in the press.

Q. This is the number of August, 1946. Your answer that the American Federation of Labor hold the same views as your movement as far as price control is concerned, is very interesting in the light of this article here.—A. May I expand on what I meant by the same view?

Q. Well, as we go along you may expand. It says:—

A.F.L. WINS OVER ONE BILLION DOLLARS IN WAGE GAINS WITHOUT STRIKE

Since V-J day, the American Federation of Labor has made an outstanding record in sound industrial relations. We have won gains in yearly income for American workers totalling well over \$1,000,000,000, and these gains have been won entirely without strike. (Note: This is only part of our total gain.) Moreover, the thousands of collective bargaining negotiations which won these gains have built up better relations between our members and their employers. This achievement is important at a time when Communists have just published their new "line" dictated from Moscow committing American CP followers to "mobilizing the people for struggle." The Federation has always insisted on the workers' fundamental right to strike and fought to preserve it, but we condemn its misuse as a political weapon. The strike is to be used only as a last resort when genuine collective bargaining breaks down.

Today all Americans are being penalized because a small portion of American workers used the strike for political purposes last winter. At that time A.F.L. unions were negotiating substantial wage increases without strike and without breaking price ceilings, winning lasting gains for workers. But unaffiliated unions used the strike to force the government dictated wage-price formula of February 14 which broke price ceilings. From then to June 30, OPA granted 504 industry-wide price increases, and individual increases to some 11,500 companies. The charts below show the end result. Wholesale prices rose 4 per cent from February through June. These price increases of course forced retail prices upward at a slightly later date, so that cost of living had already risen 3 per cent when O.P.A. expired on June 30, and the rise was gaining speed. During July living costs rose another $2\frac{1}{2}$ or 3 per cent we estimate, due chiefly to the end of subsidies and the rise of food prices. Wholesale prices rose faster in July, as the left hand chart shows, but many exorbitant prices have already been forced down by normal reactions of the free market. This wholesale price index, with farm prices excluded, shows a trend which will in part be carried into the retail prices workers pay. In the whole period from August, 1945, through July, 1946, cost of living has risen 6 per cent we estimate, and this wholesale price index 16.7 per cent. Since January, 1941, living cost has risen 37.4 per cent (through June, 1946, adjusted for hidden costs by Mitchell Committee figure). The figures are based on U.S. Labor Department data.

Practically the entire living cost rise has occurred since the steel workers forced the price ceiling break in February, and as a direct result of that break. As we pointed out then, the February 14 order brought a flood of demands for price increases. The resulting pressure on Congress has all but ended effective price control. The steel workers were offered a 15 cent wage increase without strike and without breaking the price ceiling; their insistence on striking and bringing the government into

collective bargaining won them only 3½ cents more; they have already lost 6 cents from living cost rises resulting from their action and stand to lose a great deal more as prices rise further. Since their government formula forced OPA to grant these rises, OPA cannot stop them. Had they been willing to stick to genuine collective bargaining under price ceilings, they would have had their 15 cents today, and all other Americans would have been spared immense losses through the rapid living cost rise.

Now, would you comment on that basis between the two points of view?—

A. You have given me a rather extensive field to cover in the first place.

Q. I think if you go from the bottom of page 3 of your brief and after listening to this you can answer that question.—A. I say in the first place that I do not agree with the conclusions drawn in that article, first on the basis that prices were running away in the United States long before the strikes of steel, automobile and electrical, consequently one cannot attribute the recent scuttling of the O.P.A. solely to that. In fact, I do not think there is any necessary relationship between the demands the workers had substantiated on the basis of their rise in the cost of living during the war years in the United States and the run-away of prices in this country. I testified the other day that in my opinion comparatively we have done an excellent job in holding prices in Canada as compared with the United States; therefore I think the conclusions drawn by the American Federation of Labour in that particular article are slightly partisan and rather after the fact; and an attempt to rationalize rather than deal with the facts as we see them. I am an international officer and I sit on the international executive board of the Electrical, Radio and Machine Workers and took part in many discussions leading up to the strike of 2,000 workers in this country employed by General Electric and Westinghouse in the United States, and the decisions made to strike in that country on these two companies were not made hastily. The decisions were carried through several processes, several different strike votes were taken, and ample opportunity was given to the companies and to the union to negotiate and come to some fair settlement. Those decisions were made on the basis that even getting 25 cents an hour increase in wages, the demand of the union, the American worker would still be short in real wages what he should have been entitled to in terms of his 1939 income, his contributions to increased productivity, and the living costs of the present day. So I think that stands, at least, as a different point of view from that expressed by the American Federation of Labor in that review.

The CHAIRMAN: Has the committee finished with Mr. Jackson?

By Mr. Sinclair:

Q. Mr. Jackson, when Mr. Smith was questioning you he brought out the fact that you started with a strike and now you say it is a lock-out. As I understood your answer to Mr. Smith, it is a lock-out because the employer has not attempted to break the strike by putting men in or shows no inclination or wish to operate his plant?—A. Neither has he attempted to settle the strike by negotiation.

Q. Quite true; but in this answer you have given you have shown no attempt either. I cannot follow your argument that this strike is now a lock-out. If that is the definition of a lock-out then in the case of the steel strike, we have a strike at Stelco and we have lock-outs at Algoma and Dosco?—A. I would put them in much the same situation at Dosco and Algoma, in the same category as the situation at Westinghouse, throughout the rubber industry and at the other situations in which we are involved. My particular answer to a particular question of Mr. Smith was predicated, I think you will understand, on the whole position we have taken here which in our opinion stresses a conviction that there is a combination of employers, unfortunately supported by the Department of

Labour and the Wartime Prices and Trade Board, to hold down wages. At least, that is the most direct question before this group; secondly on the price question and on the tax question.

Q. That is getting away from the point I had in mind; the charge by the union that the employer maintained a lock-out.—A. It is not a technical charge; I think you understand.

Q. But you are using the words.—A. I am using the words, but I am explaining the manner in which it has been used.

Q. Certainly I think an employer who has not a lock-out is in a more reasonable position than one who has, and yet under your definition Algoma and Dosco, which are not attempting to break the strike, are lock-outs and so in a worse position than Stelco. I am amazed and confused when you say the strike has degenerated into a lock-out merely because the employer did not strike break?—A. I did not say merely. They are supported, I think, by the over-all position we take which is that the employers are attempting to squeeze the Canadian economy at this time, and one of the means of doing that is to maintain or bring their workers out on a strike situation because they refuse to meet a legitimate request, and those workers have no alternative but to take their question to the bar of public opinion on the picket line, and the employers are quite content until Doomsday which may change their mind a little, to maintain a closed shop.

Q. This squeezing process could possibly work both ways to my mind if the industries were squeezed between the price ceiling and the wage demands which they could not meet?—A. I think Mr. Conroy did a good job in quoting the profit history of the corporations in Canada, and they certainly do not support any contention that the workers in asking for legitimate wages today are squeezing the Canadian economy.

Q. I am not saying they are; but unless you change this, your new definition of a lock-out is a condition where the employer in the strike does not attempt to strike-break, but merely sits tight.—A. My use of the term "lock-out" is merely a supporting argument in our whole contention that employers are prepared to withhold production from the Canadian people with the aim of gaining their end on prices, wages and taxes.

By Mr. Gibson:

Q. There has been a lot of talk by all witnesses here from the labour unions about increased productivity. I was wondering if you know of one instance of any commodity in Canada that costs less now in wage costs than it did in 1939? Do you know of one?—A. When you say costs less in terms of wage costs is that necessarily an index of productivity?

Q. I would think it would be. You talk about technological improvements, and you are willing to concede there might be some improvement there, that there should be higher productivity because of technological improvements. I was wondering if there is one commodity in Canada where the price is down because of increased productivity?—A. Did you say where the price was down or the labour costs?

Q. Let us say the price is down and let us admit there has been technological improvement and also greater productivity on the part of labour.—

A. I do not think you measure productivity by price. You might measure it in some degree by labour costs. While I do not have handy in front of me the particular references I can give you certain instances. I can take you into Westinghouse, Amalgamated Electric Company, or Canada Wire and Cable Company and show you production on a given machine with a given employee that is two and half and three times what it was five years ago.

Q. Why is that true? It must be due to technological improvement?—A. Not necessarily solely to technological improvement. There are a number of reasons. In the first place, during the war because of labour management

committees, because of an approach on the part of the employee that his contribution was going to the nation as a whole and not to his employer, employees came forward with thousands and thousands of suggestions which were not paid for in any substance in terms of what resulted in the form of profit or extras to the company. I think that in itself has been an aid to the development of various new labour-saving devices. Somebody will argue with me on the question as to whether or not the fact that a company installs a new machine and has to pay so much cold cash for it means that the company has made the sole contribution to the increased productivity that comes from that machine. I would say rather that no company installs such a machine until its workers through their increased efficiency and contribution, either in the form of suggestions or actual work, have in advance paid for the installation of that new machine, and therefore should get some recompense in the form of higher wages.

Q. The workers would not necessarily have contributed anything. They might in some instances if they had made a suggestion, but that is not true in many cases.—A. I think you missed my point. My point was that no company invests thousands of dollars in a new machine until that new machine has already been paid for in advance in the main by the increased productivity of the workers.

Q. They may borrow the money?—A. They may. Mechanically speaking they may borrow the money, but in terms of deciding to purchase a certain machine it is decided in terms of whether or not they can get more for less, and the workers have already made contributions to that before the decision is made.

Q. That might make it possible to reduce the working hours from 48 to 40. That might be the only way the employer could meet that situation??—A. It might mean instead of using 500 men on a process you only use 5, such as in the strip mills, and so on.

By Mr. Beaudoin:

Q. About this conspiracy on the part of Canadian manufacturers for a slowdown in production, did you give specific cases?—A. I indicated certain general points. As Mr. Conroy pointed out in his presentation the other day we are virtually poverty stricken in this country with regard to statistics. In the case of radio manufacturers, the manufacturers of washing machines, refrigerators and other items of electrical appliances and consumer goods, I was trying to make some study from the available statistics to find out what was the total production or number of units produced, what were the sales, what were the exports, in order to show that there had been production in excess of what was reaching the market. We have not been able to find figures available to meet all the requirements of such a complete study. We do know, and I can quote from the *Toronto Telegram*, that radio and electrical appliance distributors were asking the very same question of the government that the Canadian Congress of Labour asked the government not very long ago, namely, to investigate the holdup in the supply of these various commodities to the market. They were concerned, and they were wondering as we were wondering, why with all the available manpower, with all the technique developed during the war, with all the plants and equipment that were available, there was not a flow to the market of these goods from plants that required very little, if any, reconversion.

Q. You are referring to radio receiving sets and tubes, and so on?—A. Yes, radios, refrigerators, washing machines, ranges, and so on. The same question was asked by that association that we asked, namely, that the government should investigate because there is a holdup somewhere, and there does not seem to be any logical reason for it. We advanced the position that there was only one reason for it, namely, a holdup for better prices.

Q. That is all you have to substantiate, that assertion?—A. I think we also have the general picture which I have mentioned twice, that there is no reason that anyone can see from the consumer's point of view as to why we cannot buy a shirt today, a year after the war, why we cannot buy a radio, why we cannot buy a washing machine, and then find if there is a slight increase in the price there are a few more of them do happen to hit the market coincidentally with that.

Q. Would you say that is true also of the clothing manufacturing business?—

A. I am still wondering where all the shirts are and suits, if you wish.

Q. Now, you would not say that with the rubber industry?—A. I am not too conversant with the rubber industry.

Q. Then, referring to the brief presented by Mr. MacKenzie the other day; he claimed activity had increased. Do you know that?—A. I heard what Mr. MacKenzie said. I heard him make that statement.

Q. Then that does not apply to the rubber industry, does it?—A. I say I would like to hear all points on the question before I gave my opinion.

Q. I do not suppose you would dispute the word of your own colleague, he stated that there had been a slow-down in the pulp and paper industry.—A. I am sorry, I haven't looked at those statistics for quite a few years so I could not say. I used to be directly concerned with the pulp and paper industry, but I am not now.

Q. Yes, but you say that you are quite definite about it.—A. I am definite in terms of consumer goods which we will be making in large quantities in our industry.

Q. But don't you think you would have made a better case if you had confined yourself to your own immediate field?—A. I would have had a better case if statistical information had been more complete in this country.

Q. You mean, to substantiate this. Now, you refer to a demand which was made by the radio distributors for investigation and you say that there is a hold-up of production on the part of manufacturers in the field of electrical appliances, also on the part of radio manufacturers?—A. I say that I am not in a position to give full statistical support to that argument, but in looking over the whole picture that I have attempted to give here in answer to various questions I think I have made out a case; and I think the attitude of the employers has been the determining factors in these strikes.

Mr. BEAUDOIN: I said you should have stuck to your own field. I do not think you have made a good case.

The WITNESS: Of course, that is your opinion.

By Mr. Case:

Q. The other day I asked when you first concluded that Donald Gordon was wrong. I think you referred to that in your brief, but probably you would not mind repeating your answer now. I think you said it was in 1941?—A. I do not remember whether Donald Gordon was head of the Prices Board at that time or not. I merely stated that we had presented a brief to inquiry commission at that time in which we took objection to the manner in which the government substantiated its inflationary argument.

Q. When was that?—A. 1941, I believe.

Q. So that you have really been in agreement with his formula?—A. We were in agreement that prices must be held. We are still in agreement that prices must be held. We are not in agreement that wage increases must result in price increases.

Q. But up to a certain point you are prepared to say that we did a pretty good job?—A. I admit that during the war the cost of living was held better in Canada than in any other country.

Q. So that is a tribute to Donald Gordon.—A. Also there was a pretty hefty job done in keeping wages down.

Hon. Mr. MITCHELL: On that question raised by Mr. Jackson about the Payne inquiry, he says it was in 1941; that was in 1943, I think he made his report, or the War Labour Board made their report in August or September; and, of course, Mr. Gordon at that time was chairman of the Wartime Prices and Trade Board.

The WITNESS: I was speaking from memory and probably was not correct in the date I used.

By Mr. Case:

Q. You had considerable to do with the preparation of this brief and you would be fairly well acquainted with the language used?—A. Yes, I am.

Q. On page 3, near the bottom of the page you say this:—

The argument advanced by the Department of Labour and the Wartime Prices and Trade Board that wage increases are inflationary and that a general wage increase of more than 10 cents would be of such a dangerously inflationary character as to be chaotic, coupled with the statement on the part of Mr. Gordon that if more than 10 cents were to be given he would not personally be able to continue as price controller in Canada, must be viewed as an attempt to trade upon the good job which was done on price control during the war by threatening the removal of price control completely if labour is granted a decent increase in wages.

You are prepared to admit there was a good job done during the war?—A. I have so stated.

Q. Now we have arrived at the place where the fellow who did this job—you are not prepared to go along with him, he is wrong now; with all the experience he has had?—A. I believe that any expert can be wrong at a given point. I disagree with his theories. I still disagree with them.

Q. Now, I want to refer to your use of this word “conspiracy”, because that is a pretty strong word. Apparently, in your answer to Mr. Smith, the labour people are the only people who are not involved in this conspiracy; it is the government, it is the manufacturer—everybody else seems to be pretty well involved in the conspiracy.—A. The labour people in our view are the victims of the conspiracy.

Q. They are the victims of the conspiracy?—A. The Canadian people as a whole are the victims.

Q. They had nothing to do in any way with the promoting of this conspiracy?—A. That is right.

Q. They are out in the clear?—A. Right.

Q. That is a good position to be in.—A. People will always be in that position.

Q. Now then, there is a sit-down strike. You gave considerable evidence as to why you believed in sit-down strikes so I take it from that that your picket lines were instructed to let anyone go in who wanted to go in?—A. I have stated no such thing.

Q. Did you tell the company that they would have access to their offices? Did you know that they had moved their offices?—A. That was a surprising departure from custom.

Q. They did not have any advice from you that they would have access to their offices? Were your picket lines instructed to allow them to have access to their offices?—A. We told each company that we were prepared to sit down with them in advance of the strike. We took it up with them a couple of months in advance of the strike; that we would make arrangements for them as to how it would be carried on. They decided to move their offices away.

Q. Now, can you tell us what you mean by the word "conspiracy"? I don't want a lengthy explanation.—A. Simply put, on the one side you have a small group of people who are controlling industry and who are putting their interest ahead of that of the Canadian people. That is the conspiracy in our view.

Q. They are going to set up a certain standard and they are making—
—A. They combined to put over something of self interest, and to put it ahead of the welfare of the Canadian people.

Q. That is to say they would even try to circumvent the law to gain their ends?—A. Well, the methods—of course, I am not trying to argue at the moment, I am merely trying to explain.

Q. They are going to try to do something that only they know about. There is a combine somewhere, otherwise there could not be a conspiracy?—

A. We say they have combined. Yes.

Q. On page 11 of your brief you say:—

An agreement was reached among the Canadian Congress of Labour Unions that to the extent possible the War Labour Boards should be ignored and genuine collective bargaining established on wages.

Did you advise the government or one of the parties you supported that you were going to ignore those boards?—A. Yes. I quoted, or at least I referred to the memorandum of the Canadian Congress of Labour which was presented to the Cabinet.

Q. And the government was advised that you would no longer recognize them?—A. We asked for abolition of them, and I believe there were many press statements emanating from various men and unions in which it was stated that the union movement had lost faith completely in the boards as an effective medium for securing justice in their demands.

Q. Even when the Minister of Labour was pointing out the machinery which had been set up to deal with labour disputes, he had official knowledge from your unions that you represented that you were no longer going to regard those boards?—A. I do not know whether he had official knowledge in just the terms which you used, but he had general knowledge of the attitude of the labour movement.

Q. That was discussed amongst yourselves; your union decided upon this, that you were going to ignore the war labour boards as far as possible?—A. That is true, generally speaking.

Q. There was no evidence of any conspiracy there?—A. None whatsoever.

Q. You just decided you would do this to try to compete with the other conspiracy?—A. As a defensive mechanism, yes. There is a difference between a minority and a majority in the question of conspiracy. When it is a minority trying to put it over and they are in a position to put it over, it is a conspiracy, but when it is a majority fighting back, I should not call it a conspiracy on the part of the majority of the people.

Q. I think you have a very well prepared brief and you have set out a lot of information that is valuable. But there is one thing I am wondering about. I want to say that I have the greatest sympathy for labour unions. I think they should be encouraged as a means whereby you can organize your thoughts and your approach to the problems that confront you; instead of trying to bargain individually you get some sense of collective action. But I think your objectives may be a little hasty, in this sense. I know you have the 40 hour week in some places, but I have been wondering if the Canadian economy could stand the shock of coming down from the 48 hour week to the 40 hour week. I think in some places you have compromised and accepted the 44 hour week, and so on. You see, we are always in this atmosphere where as a result of the war there was terrific production. That is a tribute to the working men of Canada, to industry generally, and to all who were associated with the tremendous produc-

tion Canada achieved. However, I often wonder if we overlook one vital factor, and that is that we have about \$13,500,000,000 of that to pay for yet. That helped our economy then but now we must get into production if we are going to have this decent standard of living you are talking about, and these strikes become a very vital thing for the Canadian people. I think that is appreciated by all, and I am glad to hear you are anxious to see the strike settled. There is no thought in your mind—and I asked Mr. Burt the same question—of bringing about a general strike?—A. The very first day of the strike—in fact, months before the strike we tried to avoid strikes, and when they were on we tried to settle them; but we cannot even get near the employers to talk about it.

Q. You cannot?—A. No. They do not want to meet us.

Q. I am glad to know there is no thought in the mind of your union anywhere that there should be any general tie-up, because that is a terrible threat overhanging the Canadian general situation right now.

The CHAIRMAN: Order, please, gentlemen. I have received a letter from Mr. Donald Gordon that I should like to place on the record. I will ask the clerk to read it to the committee. I have copies here for all members and they will be distributed.

Mr. CROLL: Just a minute, Mr. Dun. Do you mind waiting until we get the copies? It will be easier to follow.

Mr. JOHNSTON: Is this just a further submission by Mr. Gordon?

The CHAIRMAN: No. It is just a letter to me with some explanations.

Mr. JOHNSTON: Is it a memorandum?

The CHAIRMAN: It is in the form of a letter.

Mr. JOHNSTON: If it is a further argument, it may be just put on the record the same as the others have been and we can read it.

The CHAIRMAN: It goes on the record.

Hon. Mr. MITCHELL: Yes, it goes on the record.

Mr. JOHNSTON: We can read it at noon.

Mr. CROLL: I will move that it go on the record.

Mr. MACINNIS: I second the motion.

Mr. BLACKMORE: Mr. Chairman, I wish to ask Mr. Jackson some questions.

The CHAIRMAN: Mr. Croll moves that this letter be put on the record.

Carried.

The letter referred to follows:—

THE WARTIME PRICES AND TRADE BOARD

490 Sussex Street,
Ottawa, August 8, 1946.

Mr. MAURICE LALONDE, M.P.
Chairman of the Standing Committee
on Industrial Relations
House of Commons,
Ottawa.

DEAR MR. LALONDE,—I am glad to have the opportunity of making a further statement to the Standing Committee on Industrial Relations. Some of my statements before the committee have been seriously misinterpreted and misunderstood in some quarters, particularly by the Wage Co-ordinating Committee of the Canadian Congress of Labour. While there is nothing in my previous statements before the committee that I would wish to change, I think I can clear up the misunderstanding that has occurred and I am particularly anxious to correct the misinterpretation

which has arisen from picking individual comments out of their context. As you are aware, I delivered no prepared statement before this committee. Had I done so I would have emphasized and developed some points much more, and others much less, than I was required to do under questioning.

My remarks concerning the relation between wage increases and price increases have been oversimplified and misinterpreted. While I emphasized that there is a very important relationship between wage increases and price increases, I did not state that the relationship was fixed or immutable. No person with any knowledge of the facts would deny that wages can and do increase in relation to prices. The whole past record going back for many years shows that wages do in fact increase more than prices. Such a tendency was quite apparent for a generation before the war. It was apparent during the war. Wages have gone up considerably more than 40 per cent since before the war and the cost of living has increased by 24 per cent. That has occurred already and if wages could be held at this sort of increase there would be much less difficulty about price control. But that is not the point under discussion. Wage control has been recently revised and made more flexible—and in my opinion properly so. Further wage increases over a wide field are being discussed. I do not say and have not said that further wage increases of reasonable proportions and within the purview of the revised system of wage control will wreck the price ceiling. What I have said is that if they are large and widespread they will make price control impracticable. It is a question of degree, of how much more and how fast. If you get widespread large wage increases (and under continuous questioning I did express the opinion that increases in excess of 10 cents would make the task impossible) prices will have to go up substantially. Productivity certainly tends to increase but it is a gradual process. It obviously does not increase at the rate of 20 per cent or of 10 per cent per annum or anything like that. If wages had been held steady throughout the war, we would certainly stand substantial increases in wages now. But they were not held steady—it was not a practicable or desirable proposition—they went up over 40 per cent. It is a question of how much can be put on top of that now and in the near future when prices are pressing against ceilings, when margins are squeezed, when production has not yet begun to catch up with demand, and when we have not yet got into large volume output in many lines.

It is quite proper to point out that rising productivity permits higher wages over a period of time and in this regard I am far from pessimistic about the future. It is proper to point out that higher wages may stimulate greater efficiency—as a general proposition I go along with that. It is also proper to suggest that in some cases rates of profit may be reduced—the Prices Board has had a good deal to do with squeezing margins over the last four and a half years. But there must be some balance, some sense of perspective. All these things are true to a degree and in the passage of time. But they become ridiculous when pushed to extremes. Perhaps some industries can absorb wage increases of 7 cents or 8 cents or even conceivably 10 cents. Others perhaps could manage 2 cents or 3 cents without price increases. Yet others could not manage any wage increase at all without price advances—there are many of them on our doorstep now and others will be there tomorrow. Under some probing, I suggested that a pattern of increases of more than 10 cents per hour would create great difficulty and probably break down price control. And I stand by that statement. If a pattern of wage increases of that order is attempted, it is just too much—too much to be absorbed now or soon. There is not the capacity to absorb that sort of increase and maintain

anything approaching current price levels. The exact breaking point in a given case is, of course, debatable. As I have said, it would vary between industries. In a lot of cases there is no absorptive capacity.

And let me add a very important point—which I did not have the opportunity to develop before—on the general effect of large and widespread wage increases. If a pattern of large wage increases gets established, it will do a lot more than raise prices of a wide range of manufactured goods. It is not just the immediate price increases that would worry me, though they would be widespread and important. It is the effect on the public, on the farmer, on the businessman, on the landlord. The public—and by the public I mean the housewife, the worker, the farmer, all consumers—is going to lose its faith in price control if prices are going up sharply all over the place and when that happens we would not have any control at all. The whole program has been based and must be based on public support and acceptance. Without that it is impossible. If farmers, businessmen, labour, landlords want to go their own sweet way, if the public loses faith, we would not have any control whatsoever—no matter what laws might be passed.

I hope that clarifies my position on the broad issue. I do not think it is difficult to understand and I regret it has been so gravely misinterpreted by witnesses before you. Again I emphasize that I cannot say that 10 cents is the exact breaking point—that is a matter of judgment and in my opinion even a 10 cent pattern would make matters extremely difficult. But we must preserve some balance if we want price control. Business has to exercise restraint and believe me we are not giving it any unreasonable latitude as some of the witnesses before you have appeared to suggest. The Prices Board is very definitely controlling prices—we do not say to businessmen, go ahead and raise your prices within reason. On the very large list of items under price control, we say you cannot raise your prices unless the board is satisfied it is really necessary and I do not think we have the reputation of being easily satisfied. Labour, too, has to exercise restraint—labour has some reasonable latitude under the revised wage control order, but if that latitude is abused the whole program of price control cracks up. The same goes for farmers, for landlords and for other producer groups. It is all one program. It all hangs together. If one part breaks down, you cannot hold the rest.

Now let me deal with one further point which has been much discussed before you and in which the position of the Prices Board has also been seriously misinterpreted, i.e. the action of the board in authorizing an increase in steel prices which took some account of the fact that wage negotiations were pending. As I said before, that was a departure from our usual practice. In considering every other application for a price increase, we have not taken into account the possibility of future wage increases. This steel case was an exception and the decision was made, as I have stated in previous evidence, in the expectation that settlement of the price application would enable pending wage negotiations to be completed quickly. Furthermore, it certainly increased labour's chances of getting a reasonable and prompt increase in wages. It was an honest decision most carefully considered in the light of the facts before us and I must strongly object to the tone of the submission made to you by the Wage Co-Ordinating Committee of the Canadian Congress of Labour which carries the plain inference that the Prices Board was a pawn in the hands of the steel companies. That is the sort of obviously silly accusation that I should have thought would have no place in a serious enquiry of this kind. We authorized this increase in good faith and for

good reasons and in the belief that an increase in wage rates was a certainty.

To sum up, this is the position we were in. We had to permit an increase in steel prices—whether there was a wage increase or whether there was not. Our investigations over a considerable period satisfied us as to that. There was no alternative. But we were faced with a further question. If we authorized the smallest increase that we believed could be managed, taking wages as they were, and shortly thereafter wages were increased, we should have had to authorize another general increase in steel prices. One increase was bad enough. It is a terrific job to deal with all consequences of higher steel prices and we are not through with that job yet. It is not only a big job but it is disturbing to all the users of steel and it has widespread ramifications. It was bad enough to have to go through it once—twice might have produced an administrative load that could not be handled and an enormous amount of confusion.

Now I have been criticized a good deal on the grounds that I should have announced that there was room for a wage increase. If we are open to criticism it must be for letting the wage question enter our thinking in the first place. Nevertheless, it would have been improper for the Prices Board to express its opinion of what constituted a reasonable wage increase, because that is a matter for collective bargaining subject to the provisions of the wage control order. Our job was and is to keep prices in hand and we could not get in the position of influencing wage matters by setting a pattern. I must say I was most definitely of the opinion that a wage increase would be forthcoming which would take up any slack and more in the price adjustment that had been permitted. While it is most unfortunate that the negotiations for a wage increase have in fact broken down and have been followed by a strike, it would be quite inappropriate for me to express any opinion as to the manner in which they have been handled by the parties to the dispute.

So that is the story. You have heard some of it before but I hope this will clear up the position of the Board.

Yours very truly,

D. GORDON,
Chairman.

The CHAIRMAN: Mr. Blackmore wants to ask you some questions Mr. Jackson.

By Mr. Blackmore:

Q. I should like to ask Mr. Jackson a question. There has been a considerable amount of, shall I say, astonishment on the part of the committee—I should be quite pleased if you would sit down, as you have been up so long. I think you must be tired.—A. I have not been up very much.

Q. There has been a considerable amount of almost astonishment on the part of members of the committee that you have made a remark that there has been a conspiracy on the part of Canadian business. I wonder if you would care to comment on two passages which I think it would be well to let you listen to, inasmuch as Mr. Beaudoin read some passages for you to consider. These passages are taken, Mr. Chairman, from a publication called "In Fact" which is called "An antidote for falsehoods in the daily press" by George Seldes, Editor, Victor Weingarten, Associate. This is (No. 301), volume XIII, No. 15, July 15, 1946. The heading of the article from which I think it would be well to read a quotation for Mr. Jackson to comment on, is called "Documentary Proof N.A.M. Lobby Destroyed O.P.A.; Congressmen Named; Monopoly Report Suppressed."

Mr. JOHNSTON: Did you say there was documentary proof?

By Mr. Blackmore:

Q. "Documentary proof; monopoly report suppressed." I might say, before reading this, that the question has been raised as to who caused the destruction of the O.P.A. in the United States whether it was the strike of the steel workers or whether it was somebody else. This has a bearing on that matter and I would just like to hear Mr. Jackson's comment on the article.

The destruction of O.P.A., which will rob the American people of billions of dollars—take \$250 from the pocketbook of every citizen this year—and endanger savings accounts, war bonds and other values, is the work of the National Association of Manufacturers—according to that organization.

This weekly has obtained the documentary evidence that the N.A.M. claims full responsibility for what has happened.

The evidence consists of the N.A.M. "President's Report" to presidents of corporations and the boards of directors of member companies, boasting of the campaign which destroyed O.P.A. This report also claims sponsorship of the Case anti-labour bill, which Truman also vetoed.

Would you care to comment on that, as a support of your general contention with respect to what was happening in the United States, or in opposition to it.—A. Well, commenting on a statement of that nature—in the first place, that deals with the situation in the United States with which I have not the same acquaintance as I feel I have with Canadian matters; but, having regard to my talks with American workers through the unions, I would be inclined to accept that statement as a proper appraisal of the developments with respect to the smashing of price control in the United States first, because our people over here in Canada have a similar if not identical development taking place through the Canadian Manufacturers Association on the one hand, and through the Central Ontario Industrial Relations Institute on the other. It is well known, I believe, that the manufacturers association carries on the most extensive lobby of any organization in Canada; it is also a fact that the manufacturers be able to secure commitments from the government on price matters, which commitments are not made, in any detail, available to the public of Canada. So there is a species of bargaining going on between the manufacturers and the government or the prices board on matters which vitally affect the whole of the Canadian public but in which the Canadian public, certainly that organized section, the trade union movement, has no voice and very little knowledge. It is basic, in our contention, that there has been a similar development in this country and that the manufacturers directly, through their organization or by various other means at their disposal, put considerable pressure upon this government in the relaxation of price control and that they have, in a large measure accomplished their ends up to this time; and that it is because of that that the labour movement, the working people, attempt to defend themselves and achieve a standard of living which they are quite convinced the Canadian economy can stand; but it will require the catching up with prices and also it would mean the re-establishment of some measure of price control in this country.

Q. It could be a clever piece of political strategy, to wait for them to do something like that and then lay the blame on the labour unions.—A. That is the contention we make in our brief; that since these strikes have taken place there has been a deliberate attempt made to place the responsibility for inflation on the workers and to state that the main reason for the inflation and the main danger of what was termed "chaotic" inflation was stemming from the action of the workers in taking strike action. We say that the action of the workers was a defensive action set in motion in order, first of all, to

protect themselves against the inflation that was already here and secondly, to attempt, somehow, to establish or re-establish a measure of control of prices.

Q. I am interested in your comments, Mr. Jackson; I am not acquainted with you and I have never met you before and, of course, I have no brief for you at all; but I am listening to you and taking your evidence at its face value.

Mr. CROLL: You have no brief for him or for the government, either.

By Mr. Blackmore:

Q. And I greatly appreciate the degree of mastery over economic principles which you indicate. I think it is well for us not to brush off some of your evidence too lightly. Now, I quote from this same publication, further on, under a sub-heading:—

WHO OWNS AMERICA? SUPPRESSED REPORT NAMES

“Free enterprise” is a myth, and the “American way of life” is being destroyed by the same men who spend millions to perpetuate that hoax.

Eight interest groups with Wall St. roots actually control America. Small business, the foundation of the competitive system, is being smashed by the giant corporations which have used the war to obtain complete control of the nation's economic life and seek to control the political life as well by subsidizing the campaigns of subservient legislators.

PRESS SUPPRESSES SENSATIONAL REPORT

These startling conclusions are derived from a sensational 359-page govt. report, “Economic Concentration and World War II,” issued by the Smaller War Plants Corp. through the Senate Small Business Comm. Although it names names and amounts, lists the persons who own America, cites the danger of monopoly control, and affects every single person in the land, it has been publicized only by the labour and liberal press. Scarcely a line has been printed by the 1749 daily commercial papers which are themselves criticized in the document. Federated Press, which serves labour papers carried several stories. Columnists mentioned the report their papers suppressed.

Would Mr. Jackson comment on that as to its truth or untruth in regard to the Canadian situation?—A. Well, that is a large order, but I would like to state briefly that it is the contention of this union that there is a growing concentration of monopoly in this country.

Mr. CROLL: Yes, and whether the legislators are subservient.

Hon. Mr. MITCHELL: Let there be a little decency and honesty.

The WITNESS: All right, Humphrey. Allow me to answer that question. I have not got over that hurdle yet and given you that opening. The point is that when we try to deal with a substantial quotation which has so many facets to it, I do not want to be on record as agreeing with each sentence of the item.

Mr. BLACKMORE: May I interrupt? Under those circumstances would it not be fair to let Mr. Jackson consider the statement and give us an answer after he has had an opportunity to think it over.

Mr. SINCLAIR: Mr. Chairman, when a document is quite unfamiliar to any member of the committee I think Mr. Blackmore should give us some background of this man Seldes whom he quotes with such approval.

Mr. JOHNSTON: He did not quote him with approval.

Mr. BLACKMORE: I hope there will not be any attempt now to connect me up with this thing. If there is, Mr. Chairman, to the extent to which there is, it will indicate conspiracy right in this group.

Hon. Mr. MITCHELL: May I ask this: who gave you the document?

Mr. BLACKMORE: Never mind who gave me the document.

Mr. SINCLAIR: Who is this Seldes?

Mr. BLACKMORE: That can be found out. I gave every essential fact pertaining to it. May I draw the attention of the honourable member to the fact that I have been in this House eleven years and have learned how to handle myself in parliamentary procedure.

Mr. SINCLAIR: You think so.

Mr. BLACKMORE: I know it. When the honourable member can prove the opposite let him do so. I do not want to take this honourable member to a trimming, but I shall probably have to if he does not behave himself. All I did was take this document and read every essential fact pertaining to it. Every member can get the original of the document and use his own judgment. I have made no comment whatsoever as to the truth or untruth of the matter. I have simply put the matter on the record as being something it would be well for the members to know about and for those who are able to read the report to know about.

Mr. CROLL: May I suggest that in view of the length of the quotation and the importance of the question Mr. Jackson be given an opportunity to submit a written answer to that question?

Mr. BLACKMORE: I think that is an excellent idea.

The WITNESS: May I express a point of view on that? I think the nub of the question is the existence of monopoly in the United States, in the various ways whereby monopoly attempts to pursue or advance its own self-interest; and I certainly am prepared to state here that in my opinion there is a definite growing concentration of industry in Canada and an increase in monopoly control, and that monopoly here will use the time worn methods it uses everywhere to advance its own interests as against the interests of the people. In the electrical industry itself there is a high degree of concentration. That concentration lies in the hands of corporations that are owned in the main in the United States, and I do not think it is too broad an inference to draw to say that what is true of the United States is going to find a reflection here in Canada. I think that is the main answer to the question. With regard to what Mr. Croll was concerned about—whether I was going to tell the committee myself as to whether there was subservience in the House of Commons—I will merely state this, that I deplore the fact that the members of the House of Commons cannot have made available to them from day to day the real statistics and facts on these matters, because if they did I am sure they would draw a conclusion in the interests of the Canadian people.

Mr. BLACKMORE: May I make a brief comment? I say that the fact that members of the House of Commons are finding it next to impossible to get a great quantity of essential facts through questioning the government is a matter which honourable members ought to bear in mind in this connection. I wish to say that I have nothing to do with this matter; I am simply an ordinary member of the committee, and I am trying to find out where we are going and be as wise as I possibly can be with the limited intelligence I have.

Mr. BEAUDOIN: Mr. Blackmore could not have asked questions in the House of Commons on those facts without making the document known.

The committee adjourned to meet again at 3.30 o'clock p.m.

AFTERNOON SESSION

The Committee resumed at 3.30 p.m.

By Mr. Johnston:

Q. Mr. Chairman, I should like to ask Mr. Jackson one or two questions in view of the fact that a letter which we have received from Mr. Gordon particularly refers to the C.C.L. and the wage co-ordinating committee. It has to do with the matters which Mr. Jackson has been discussing here to-day. I do not know whether or not Mr. Jackson has received a copy of this letter; have you, Mr. Jackson?—A. I had an opportunity about fifteen minutes ago of looking at it.

Q. This was the one that was given to us just before we took our recess. If you will notice on the first page—and I draw this to your attention, Mr. Chairman, as the reason for my mentioning this—it reads:—

Some of my statements before the committee have been seriously misinterpreted and misunderstood in some quarters, particularly by the wage co-ordinating committee of the Canadian Congress of Labour.

Now that we have this report before us I think if there are any misunderstandings now would be the proper time to clear them up. Further down on that page you will notice that Mr. Gordon states:

My remarks concerning the relation between wage increases and price increases have been over-simplified and misinterpreted.

Then further down in the middle of that paragraph there is this:

The whole past record going back for many years shows that wages do, in fact, increase more than prices.

I wonder if you would comment on that as to whether or not that is a fact. That is a rather broad statement that wages have increased more than prices. Could you broaden that out a little?—A. Mr. Chairman and members: Certainly my initial reaction to that statement would be an adverse one. What little research I have personally done on it was a matter of three years ago at the time I mentioned previously when I filed a report with the McTague commission; at that time I went back over a few years previous into the post world war I period to see if there was any casual relation between movements in prices and movements in wages. I should certainly like to have an opportunity to check this matter more thoroughly and to file with this committee an analysis of the various indices of prices and wages since 1910. I think Mr. Gordon in making a statement of this kind should at least, seeing that he is in a position to provide the indices, have appended them to his document. I would say that over that period of time from 1910 to 1946 it would be my confirmed opinion that this statement will not bear substantiation but rather that prices have moved and wages have attempted to follow, except in the case of a falling price market in which case prices do decelerate for a brief period at a greater rate than wages. In examining it we have to remember there have been two world wars during that period from 1910 to the present time, and we will find two different types of movements between wages and prices, those prior to and leading into war, those during the war period, and those in the coming out of the war period, and then moving into the second war period, and I would certainly challenge Mr. Gordon to prove his thesis from his own indices. We would be prepared to argue on that basis, and I think we would be right.

Q. I understand that you will present a statement to the committee showing these increases from 1910, I think you said, up to the present time.—A. We are prepared to analyze the indices from 1910 to show this is incorrect.

Q. I think that is something we should have filed because I had the opposite view in that regard. I think if we could get that information it would assist us. I do not say that the presentation Mr. Jackson will give us—I was going to say may be factual—but I do believe in that case Mr. Gordon should file a similar statement so that we can compare them. I think that Mr. Gordon should be granted that privilege if he so desires especially in view of the fact that the union is now prepared to present theirs. On page 2, the last paragraph, it reads:—

It is proper to point out that higher wages may stimulate greater efficiency; as a general proposition I go along with that.

I think that is quite in accord with your own views. Do you agree with that statement?—A. Yes, I would agree with that, and I would be a little more positive.

Q. I think generally speaking though that is all right. Then I come to the more important part, as I view it anyway, further down in that same paragraph where it reads:—

Perhaps some industries can absorb wage increases of 7 cents or 8 cents or even conceivably 10 cents.

I notice the words “conceivably 10 cents”. Then it goes on:—

Others perhaps could manage 2 cents or 3 cents without price increases.

I take it that Mr. Gordon is again referring to the maximum which he pointed out to us when he was giving his evidence, that 10 cents would be about as high as they could go. This is the second time Mr. Gordon has stated that. I think your view has been—correct me if I am interpreting you wrongly—that they could pay the increase that you people are asking—

Mr. McIVOR: 20 cents.

Hon. Mr. MITCHELL: 25 cents.

The WITNESS: Mr. Johnston and members: My first reaction in reading this particular sentence:—

Perhaps some industries can absorb wage increases of 7 cents or 8 cents or even conceivably 10 cents,

was why did Mr. Gordon stop at 10 cents because wage demands have reached up to 29 cents an hour? In the brief that was filed by our union we set out to show in the case of the Canadian Westinghouse company that they could absorb 25 cents an hour increase in wages at a maximum reduction in their current, which is their highest, profit of less than one-third of that wage increase. In other words, it would be at a cost to them of approximately 6 or 7 cents an hour that they could pay 25 cents an hour increase in wages. The impact on their profits would not be more than the equivalent of 6 or 7 cents an hour. If Mr. Gordon is correct in his placing of 10 cents as the point at which our economy is going to be placed in jeopardy then we say that most corporations, and most certainly the Canadian Westinghouse Company, could pay 10 cents gross, or rather I should say 10 cents net out of their profits without placing any strain on the price structure in this country. We believe the same is true of most major corporations in this country. They could pay 25 cents without placing any pressure whatsoever on the price structure in this country.

By Hon. Mr. Mitchell:

Q. How do you get those figures? You say that there are 4,500 people employed. That is \$9,000 a day. How do you figure that out?—A. If you will read my brief you will find we have set that out in gross terms, and if you wish

a detailed calculation we are prepared to give it to you. It works out this way. When you increase wages you decrease operating profit. When you decrease the gross operating profit you reduce the basis on which excess profit tax is applied because then you come into the realm of standard profits as compared to the 1935-39 base. Therefore you can absorb in terms of wage increase as a reduction of gross operating profit in the case of the Westinghouse company approximately a million and a quarter or a million and a half dollars in wage increases, the bulk of which would be absorbed by the excess profits tax. In other words, they would reach the point where they would pay no excess profits tax, and their net profit would be reduced by an amount of less than one quarter or down to one tenth of the total increased wage bill.

By Mr. Smith:

Q. In other words, the government would pay the increase?—A. Correct, and the government is going to pay it to the Westinghouse company if it does not pay it to the Canadian workers, the workers of the Canadian Westinghouse company.

By Mr. Johnston:

Q. Your view is if they are going to pay it to one they might as well pay it to the other?—A. I may say during the war years that was the attitude of the companies. They were prepared to give certain wage increases during the war years to their employees because the government would pay them instead of the corporation, but in the peacetime years they are not so anxious to make that deal.

Q. I can remember some companies suggesting there should be an increase in wages during the war. I happened to be present in their plants when they suggested that.

MR. SMITH: There were hundreds of applications suggesting the very same thing.

MR. JOHNSTON: Yes. I thought the minister's remark there was well taken. He asked the witness if he could tell him where he got these figures. On page 2 Mr. Gordon suggests that perhaps some industries can absorb wage increases of 7 cents or 8 cents or even conceivably 10 cents. I think that this committee should be in the position to know whether or not these companies can absorb 7 cents, 8 cents or 10 cents, not "perhaps". We should be in the position of knowing, and so far I do not think we are. That might come later as a recommendation from the committee, but the union has taken the cost sheets of the company, and broken them down to what they consider a fair breakdown in an endeavour to show where the companies can pay these wages. I think the companies should come back and show where the union is wrong and where they cannot pay these wages or, at least, some impartial committee should be set up to investigate that.

HON. MR. MITCHELL: The regional war labour board could have done that.

MR. JOHNSTON: Have they gone into the actual profits to ascertain whether or not? Would that not be the position of the Wartime Prices and Trade Board more than the wages board?

THE WITNESS: The regional war labour board turned down \$1 a day increase request on the part of the union in the case of the Canadian Westinghouse company without giving any reasons for it.

By Mr. Johnson:

Q. On the next page in the last paragraph—I am skipping over some I had marked but I think they have been covered as you spoke—Mr. Gordon says:—

I hope that clarifies my position on the broad issue. I do not think it is difficult to understand and I regret it has been so gravely misinterpreted by witnesses before you.

Then further down he says:—

The prices board is very definitely controlling prices—we do not say to business men, go ahead and raise your prices within reason.

I noticed that “within reason”, and I want to refer to it later.

On the very large list of items under price control, we say you cannot raise your prices unless the board is satisfied it is really necessary.

Have you got anything to say on that because I understood you to say prices were increased considerably?—A. I am sorry, I did not quite get the nub of your question.

Q. On page 3 you will notice where Mr. Gordon says:—

The prices board is very definitely controlling prices. We do not say to business men, go ahead and raise your prices within reason. On the very large list of items under price control, we say you cannot raise your prices unless the board is satisfied it is really necessary.

I understood you to say in some cases you did not think it was necessary to raise prices. You thought these increased wages, for instance, could be paid out of profits. Mr. Gordon takes issue with you there.—A. Mr. Johnston and members: At this point I think we have the main question that is contained in Mr. Gordon's rebuttal, namely, that Mr. Gordon has not at any time before this committee substantiated either his 10 cent position or anything approximating it in terms of its concrete effect on the economy, in terms of its concrete effect on the profits of corporation A, B, C, or D, or on all corporations. For the life of me I cannot understand what is meant by such a thing as this, “unless the board is satisfied it is really necessary”. Now, necessary for what? It is on that point we have challenged Mr. Gordon's thesis. We say Mr. Gordon's thesis is necessary in order to maintain the maximum profit that the corporation has been able to earn in its corporate existence, and we cannot subscribe to a theory that places wages, the cost of living of the Canadian people, completely subservient to what the corporation may consider is necessary in terms of their particular profit return.

Mr. SMITH: Neither does Gordon. Why bother sticking up straw men that are not there?

The WITNESS: One minute, please. I say that Mr. Gordon has made that his thesis generally and has not produced any evidence before this committee.

Mr. BLACKMORE: Hear, hear.

The WITNESS: That would substantiate any figure given.

Mr. BLACKMORE: Not a figure.

Right Hon. Mr. HOWE: You had better leave that to the judgment of the committee.

Mr. BLACKMORE: It is obvious.

Right Hon. Mr. HOWE: You had better leave that to the judgment of the committee.

The WITNESS: I am expressing an opinion. Every witness before the committee has expressed opinions. I am pleased that I at least have that same latitude. There has not been a case made before this committee to justify the thesis that wage demands or wage increases exceed price increases, and the only basis on which that could be substantiated is if this committee is prepared

to accept as their basic theory that maximum profits of corporations are inviolate, and must be sustained. If you accept that thesis then you can argue from there.

Mr. SMITH: No one ever suggested that.

Right Hon. Mr. HOWE: No one ever suggested that.

The WITNESS: Wait a minute; I can read. I think most of you can, too.

Mr. SMITH: My difficulty is I can understand.

The WITNESS: I think I can, too, Mr. Smith.

Mr. SMITH: You are not showing it right now.

The WITNESS: I believe I am, and I say that Mr. Gordon's thesis is, if you read his testimony, that he has repeatedly stated that it is up to the corporation to decide what constitutes a reasonable profit; and having found that and having decided in their own wisdom what that is, then the prices that are to be set for that corporation are to be set on the basis of maintaining that reasonable profit position and then to stand pat so far as the Canadian people are concerned. That is the whole point on which the labour movement and Mr. Gordon differ. That is why I say that when he says he is satisfied that it is really necessary he does not say on what conditions he makes that judgment; and we would be very pleased to have that put in black and white, and then we will argue the case because we think we are right.

By Mr. Johnston:

Q. There is one other page here to which I want to refer you, perhaps the most important we have come to yet; page 4—I am at a loss to understand it myself and I thought maybe you could throw some light on it. The paragraph starting:—

Now let me deal with one further point which has been much discussed before you and in which the position of the prices board has also been seriously misrepresented—

Mr. CROLL: Misinterpreted.

Mr. JOHNSTON: Yes, I should have said:—

misinterpreted—i.e., the action of the board in authorizing and increasing steel prices which took some account of the fact that wage negotiations were pending.

My thoughts now go back to the evidence which Mr. Gordon gave when he said: as I said before, there was a departure from our usual practice. In considering every other application for a price increase we have not taken into account the possibility of further wage increases; then, down further: furthermore, it certainly increases labour's chances in getting a reasonable and prompt increase in wages; then down to the last of that paragraph: we authorized these increases in good faith and good reason and in the belief that an increase in wage rates was a certainty. Did you have any information that in this particular instance there was a wage increase considered?

Hon. Mr. MITCHELL: He was not in steel.

The CHAIRMAN: I do not admit that.

Mr. JOHNSTON: I am referring generally to the decision of the board.

The CHAIRMAN: I will not admit any hearsay evidence.

Mr. JOHNSTON: I am asking his opinion, not hearsay evidence.

The CHAIRMAN: His opinion; all right. If you have any personal knowledge, then you are welcome to say so.

The WITNESS: I might answer the question. I have been sitting in these sittings almost three weeks, and this very matter has been the subject of

discussion here and among ourselves day and night. I have read the record of the committee and the testimony that has been filed, and I have an opinion on the question.

The CHAIRMAN: That is all right.

The WITNESS: If it is permissible then, the opinion is just this: that Mr. Gordon and Mr. Hilton, both of them spoke on this question, and were not quite at full agreement in the first place as to whether or not a specific amount was included in the \$5 per ton, or this general average, for wages, yet there was enough testimony put on the record here to indicate that approximately 10 cents an hour had been agreed upon by the Wartime Prices and Trade Board as a figure which could be granted to the steel employees without necessarily—and I am being careful in my words because I have read the evidence and listened to cross-examination—without necessarily resulting in any further pressure for increased prices; but then we know that 10 cents a pound, the 10 cent an hour increase in wages, was to be passed on to the Canadian people because steel goes to all industry, it goes into the final consumer goods of almost every industry in this country; therefore, the working men, the common men of this country had to pay for that \$5 a ton, and in that \$5 a ton it was assumed there was 10 cents reserved for wages but the steel companies reserved the right to grab whatever part of that 10 cents they could get away with in the course of bargaining; namely, they had collected 10 cents from the government as a wage demand and had not accepted or committed themselves to pass it on without question to the employees concerned. However, there are a lot of questions that could legitimately be asked of Mr. Gordon had there been a representative of the trade union movement sitting in with the right to question on this committee, and those questions could have been more specific as to what decided Mr. Gordon's committee as to why it should be \$5 a ton, or whether it should be \$6 a ton—because if in the \$5 a ton it could be 10 cents to labour, according to the testimony; and at \$6 a ton it might have been 11 cents or 12 cents or 13 cents; and that would have led to a very legitimate question, that is as to whether or not the additional price was set on the prior assumption of the amount of wage increase and if it was, then there was an ultimate directive from the price board as to what increase in wages tied into the increase in steel price, and what those affected by the steel industry should receive from that price increase.

Mr. JOHNSTON: Yes. When I asked you that question, Mr. Jackson, I had it in mind that it was you who had made reference to the answer which Mr. Gordon gave at page 329 to the question which I had asked him, but I think it was Mr. Conroy who answered that. There is a question there in which I asked him very definitely if there was any allowance in there for wages, and he said, no, not necessarily.

Mr. SMITH: Who said that?

Hon. Mr. MITCHELL: Why do you not save all this argument until a time when the witnesses are not here?

Mr. JOHNSTON: In the evidence he said, no, not necessarily; that is the point.

Hon. Mr. MITCHELL: It is all very easy to hold an inquest on a man when he is not here.

Mr. JOHNSTON: I agree with you there.

Hon. Mr. MITCHELL: Let us be fair. We have had enough charges here in this committee and enough guff about conspiracies and what have you, hurled at the Minister of Labour and the Department in this committee. And now, let us be fair. This attacking a man when he is not here is what I object to. We have had about enough of this guff handed out here to-day.

Mr. JOHNSTON: Now, Mr. Mitchell, I think there is no call for that remark, when you speak about guff being passed here this morning.

Hon. Mr. MITCHELL: I am talking about guff, about conspiracy, about the employers and Gordon conspiring with the government—

Mr. SMITH: And the farmer.

Hon. Mr. MITCHELL: And the farmer, yes.

Mr. JOHNSTON: I think you are really stressing it quite a bit.

The WITNESS: Mr. Chairman, may I speak on a question of privilege?

The CHAIRMAN: Order, gentlemen; Mr. Jackson wants to speak on a question of privilege.

The WITNESS: I want to raise the question as to my rights before this committee. Mr. Mitchell has chosen to make a statement which casts aspersions and reflections on my statement before the committee this morning. Mr. Mitchell did not have the grace to ask questions of me as the witness so I could answer to his face. He makes a statement and there is no answer permitted to me. Mr. Mitchell did the same thing yesterday when he filed a long statement challenging Mr. Conroy's statements of the day before.

Hon. Mr. MITCHELL: I wasn't here.

The WITNESS: As a member of the committee here with the right to question Mr. Conroy and Mr. MacKenzie, he didn't question Mr. Conroy, he just put in a document the next day and Mr. Conroy was not allowed to reply. I do not think that is the sort of thing that should be permitted in a committee such as this.

Right Hon. Mr. HOWE: I do not think you should use this committee as a soap box.

The WITNESS: I think I have a certain right as a citizen.

Mr. JOHNSTON: The witness has a right to state his question of privilege, but I do not think he has the right to lecture the committee. I think his point is in general well taken.

Mr. BLACKMORE: He has the right to a square deal, I hope.

Mr. SMITH: I agree with you most heartily; but he has no right to more than that. He has no right then to go ahead to attack the Minister of Labour or any other individual on this committee.

Mr. SINCLAIR: Hear, hear.

Mr. SMITH: I am not a supporter of the Minister of Labour, but I am not going to sit here and take that kind of guff, if I may say so.

The CHAIRMAN: Order, please. I think it is time to rule this discussion out of order, this discussion on Mr. Gordon's letter. I do not think the witness is in a position to render a judgment on Mr. Gordon's statement.

Mr. JOHNSTON: Only in so far as it relates to his own particular statement.

The CHAIRMAN: That is right, but this is very closely connected with the evidence Mr. Gordon gave; and, if I have understood the natural course of your questioning, Mr. Johnston, it seems to me—I may be wrong—but it seems to me that you did your best, as is your right, to have Mr. Gordon's letter interpreted by the witness. I strongly object to that, and if I let you go this far it was only because I was trying to find out where you were going. I am now convinced that the discussion which is now taking place is out of order; and if you want, as is your right, some explanation of Mr. Gordon's letter, then you will have to make a motion to call back Mr. Gordon and the committee will decide, and you will have then a full opportunity to question Mr. Gordon on his letter which was tabled this morning. In all fairness to Mr. Jackson, I do not think the witness is in a position to interpret points made by Mr. Gordon in his own letter. I think you appreciate my point.

Mr. JOHNSTON: Oh, yes, Mr. Chairman, I do. I thoroughly understand it, but I was only questioning the witness on his opinion, getting his opinion

regarding the statement made by Mr. Gordon, particularly his statement relating to the Wage Co-ordinating Committee of the Canadian Congress of Labour.

The CHAIRMAN: That is why I let you proceed.

Mr. JOHNSTON: That is what I was dealing with. I did not agree with the last question there relating to prices, although as it relates to the \$5 increase in steel that question might more properly be asked of Mr. Gordon or Mr. Millard who dealt with the question when he was on the stand. I was merely only trying in fact to get an opinion from this witness on that point.

The CHAIRMAN: Understand, Mr. Johnston, I do not want to curtail you in any respect.

Mr. JOHNSTON: I appreciate that, Mr. Chairman.

Mr. SINCLAIR: Every other witness who has come before this committee has been asked to give a biographical sketch. Mr. Millard gave one, the other witnesses have done the same. I wonder if this witness would give us a brief biographical sketch?

Mr. JOHNSTON: He gave that the other day in answer to questions by Mr. Beaudoin.

Mr. SINCLAIR: Well, I wasn't here. I would like him to give it again. I would like this witness to tell us what he was doing in 1940, 1941 and 1942. Those were the years when Canada had her back to the wall.

The WITNESS: In those years I was president of the same union of which I am president now.

Mr. SINCLAIR: How were you helping Canada's war effort?

The WITNESS: I will answer your question frankly before this committee.

Mr. SINCLAIR: You can't, you don't want your position spread on the record.

The WITNESS: What do you mean, I don't want my position on the public record? I am a public man, president of this union. I have nothing to hide. In the year 1940 I was president of this union and operating in that capacity—in 1941, from that date down to June 23—is that the date to which you refer?

Mr. SINCLAIR: What about the rest of it? What day was that?

The WITNESS: You know, and everybody in this world knows that that was the day after the Germans invaded the Soviet Union.

Mr. SINCLAIR: Yes, and practically everybody in this committee was away at the war.

The WITNESS: And you want to know what happened at that time?

Mr. SINCLAIR: Yes, tell the committee.

The WITNESS: I will tell you. June 23, that was one day after Germany invaded the Soviet Union, I was transported swiftly to the internment camp at Petawawa. Arriving at that camp, it took me some weeks to find out why I was there and what I was charged with, and when I found out the charges I found that I was charged with the very same thing that fourteen other members of my union were charged with under the Industrial Disputes Investigation Act—the first time it had been applied in twenty odd years in which it had been on the statute books of Canada—charged with participating in and inciting to and prolonging an illegal strike; and for that crime, which according to the statute required summary conviction before a magistrate—fourteen of the fifteen so charged were haled before a magistrate in the city of Toronto on June 24, and I was to appear before the same magistrate on June 24, but by the wisdom of some officials in Ottawa it was decided that night that I should be whisked away to Petawawa. I was moved to Petawawa and I was charged with the same thing even though the statute books said that the charge should be before a magistrate—

Mr. SINCLAIR: In time of peace. This was wartime.

The WITNESS: Just a minute now, I am speaking to the record.

Mr. SINCLAIR: Yes, I am speaking for the record too.

The WITNESS: There are 200 pages of evidence if you want to read them.

Mr. SINCLAIR: The people of Canada know about it.

The WITNESS: I am refreshing your memory somewhat about it. These fourteen who were charged and tried before a magistrate were found guilty. They appealed, and the appeal was won. They were released without any fine. I was maintained by the government in an internment camp for six months under the same charge.

Mr. SINCLAIR: Very wisely, too.

The WITNESS: And later released. Does that satisfy you? Is that a good answer?

Mr. SINCLAIR: That is what I wanted to know. Thank you very much.

The CHAIRMAN: Are you through with the witness, gentlemen?

Witness discharged.

Mr. GILLIS: Mr. Chairman, before we proceed with Mr. Mitchell I am interested also in this document of Mr. Gordon's, particularly as he makes the statement here that his evidence before this committee was misunderstood and misinterpreted by the Wage Co-ordinating Committee of the Canadian Congress of Labour. I am wondering if this committee would not call on Mr. Conroy, who is now in the room and to make a presentation to this committee on the matter of Mr. Gordon's evidence to us, for the purpose of ending all this argument. I think it would perhaps save time and give clarification as to what Mr. Gordon means here when he said he was misinterpreted or misunderstood.

The CHAIRMAN: Did you intend to call Mr. Gordon back?

Mr. GILLIS: Not necessarily; I suggest that we call Mr. Conroy and give him an opportunity to answer this document and the charge that he was misinterpreted before the Wage Co-ordinating Committee. Mr. Conroy gave the only evidence given on behalf of that organization before this committee and I do think we should give him an opportunity to come back for whatever time is necessary in order to clarify this document of Mr. Gordon's; and I will so move to that effect, that we recall Mr. Conroy now for the purpose of analysing this document as it pertains to the evidence he gave before this committee.

Mr. SMITH: If I may speak to that, I am opposed to Mr. Gillis' motion for this reason: Mr. Gordon said certain things and Mr. Conroy said certain things; and Mr. Gordon says that Mr. Conroy misinterpreted him. Surely that is what we are here for, to find a balance between them. We are not numbskulls and we do not need to have somebody else coming back and forth with long explanations. We are intelligent enough to know whether Mr. Conroy misinterpreted Mr. Gordon. So I am opposed to recalling either one of them.

The CHAIRMAN: All those in favour of Mr. Gillis' motion, please raise their hands?

Mr. SMITH: I am speaking of Mr. Gillis' motion to which I am opposed.

The CHAIRMAN: All those in favour of Mr. Gillis' motion raise their hands.

Mr. BLACKMORE: I asked that Mr. Conroy be called back last night; it was not a motion, but as a member of the committee. I wonder, if we vote on this motion of Mr. Gillis to recall Mr. Conroy for a specific purpose, does that preclude me as a member of the committee from the privilege of calling Mr. Conroy back?

The CHAIRMAN: Do you want to call Mr. Conroy back?

Mr. GILLIS: Yes, because I wish to ask him some questions.

The CHAIRMAN: I understand, if the committee decides that Mr. Conroy be called back, you will have a full opportunity to put your questions to him.

Mr. MACINNIS: Mr. Chairman, I think there are two separate questions. There is this motion to call back Mr. Conroy in order to reply to Mr. Gordon. Mr. Blackmore wishes to ask him questions on another subject. If the committee, in its wisdom, decides not to call him back for this purpose, it does not debar Mr. Blackmore.

The CHAIRMAN: I am sorry, but I was not here yesterday. I think you are quite right; there are two ideas. Mr. Gillis' motion is to recall Mr. Conroy as a witness. All those in favour?

Mr. BLACKMORE: I am not sure you put the question just right.

The CHAIRMAN: All those in favour? And those opposed? Defeated.

Mr. MACINNIS: I move that we ask Mr. Mitchell to come forward.

The CHAIRMAN: Very well, Mr. Mitchell will you come forward, please.

The Hon. Humphrey Mitchell, Minister of Labour, recalled:

The WITNESS: Mr. Chairman, there were two or three things. One question was asked by Mr. Smith and another by Mr. MacInnis. If you will just let me make these explanations which have been asked for. One was about industrial councils. Mr. Smith asked me what representations the Canadian Congress of Labour had made to the government with respect to the establishment of industrial councils. A memorandum was submitted to the government on April 24, 1945, by the Canadian Congress of Labour, and it contained the following statement:

Further, we contend that no post-war plans can be successful unless labour shares in their formation, and we therefore urge that labour be given full representation on all planning commissions or committees, and also that the government establish in all industries in this country, industry councils composed of representatives of labour, industry and government to plan and administer the reconversion program; one of the responsibilities of such industrial councils would be to take the necessary surveys to ascertain (a) what markets are available for manufactured products, raw materials and farm produce; (b) how many Crown companies could be maintained in their present type of production, and how many could be converted to other types; and (c) how many employees may expect gainful employment in new and peace-time industries, in the production of raw materials, and in agriculture.

The memorandum submitted to the government by the Canadian Congress of Labour on April 5, 1946, contained the following statement:

The Congress further urged the establishment of industrial councils comprising representatives of government, industry and labour to plan and administer the reconversion program, and to make the necessary surveys to ascertain what markets were available for manufactured products, raw materials, and farm produce, what uses could be made of Crown companies, and what employment was available in various forms of industrial and other activities.

If there are any questions on that, I could, perhaps, answer them and get them out of the way. With respect to the other question, I have here a memorandum from the chief executive officer of the National War Labour Board. The memorandum reads as follows:—

NATIONAL WAR LABOUR BOARD

OTTAWA, August 10, 1946.

Honourable HUMPHREY MITCHELL,
Minister of Labour,
Ottawa, Ontario.

DEAR MR. MINISTER;—You have asked us to furnish for the information of the Standing Committee on Industrial Relations of the House of Commons, particulars of the application made by Canadian Brotherhood of Railway Employees and Other Transport Workers in respect of certain hotels owned and operated by Canadian National Railways or Canadian Pacific Railway Company.

The following are the facts as evidenced by the material in the files of the National War Labour Board:—

1. Under date of October 1, 1945, the union made application for wage increases for occupational classifications represented by them and employed in the Chateau Laurier Hotel, Prince Arthur Hotel, Fort Garry Hotel, Prince Edward Hotel, Royal Alexandra Hotel, Hotel Saskatchewan, Palliser Hotel, Empress Hotel and Hotel Vancouver.

The increases generally sought showed such divergence from existing rates that the National War Labour Board thought that best disposition could be made of the matter by requesting the parties to apply to it their experience in collective bargaining with a view to reaching agreement and making a joint application if that should be possible. This view was conveyed to the union and to the companies by letter of October 12.

If you would like me to read that letter, I will be glad to do so. It is addressed to Mr. William J. Smith.

OCTOBER 12, 1945

Case File 2N-1164.

Mr. WM. J. SMITH,
General Representative,
Canadian Brotherhood of
Railway Employees and
Other Transport Workers,
Montreal, P.Q.

Mr. H. A. CHAPPELL,
General Representative,
Canadian Brotherhood of
Railway Employees and
Other Transport Workers,
Winnipeg, Man.

DEAR SIRs,—The National War Labour Board has received the application forwarded with your letter of October 1, 1945, enclosing applications for wage adjustments on behalf of the occupational classifications engaged at the following railway hotels:—

Canadian National Railways

Chateau Laurier Hotel, Ottawa
Prince Arthur, Port Arthur
Fort Garry, Winnipeg
Prince Edward, Brandon

Canadian Pacific Railway Company

Royal Alexandra, Winnipeg
Hotel Saskatchewan, Regina
Palliser Hotel, Calgary
Empress Hotel, Victoria

Joint Canadian National and Canadian Pacific Railways

Hotel Vancouver, Vancouver

The board has reviewed the general submission as well as the detailed applications concerning adjustments in wage rates at the individual hotels above mentioned and I am directed to inform you that it considers that perhaps more effective disposition of the application might be obtained if preliminary to any submission to the board the representatives of the union and the companies would consult together and endeavour to apply to the disposition of this matter their experience in collective bargaining, and, if possible within limitations that will no doubt be apparent to them, endeavour to agree upon such fair and reasonable adjustments in the wage rates of the individual occupational classifications covered that the board might upon submission of a joint application to it approve consistent with the intent and purpose of Wartime Wages Control Order, 1943, P.C. 9384, as expressed in sections 14 (b) and 20 (1) (a) thereof.

A copy of this communication is being forwarded to the representatives of the companies concerned.

Yours very truly,

(Sgd.) R. H. NEILSON,
Chief Executive Officer.

c.c. Mr. F. W. Edge, Chief of Industrial Relations, C.N.R., Montreal.

Mr. H. D. Brydone-Jack, Acting Manager, Dept. Personnel, C.P.R., Montreal.

Copy of the letter is attached and by no stretch of imagination could this be called "rejection" of the application.

2. The parties did go into negotiation as suggested and were successful in reaching agreement. A joint application followed under date of March 4, 1946, which application reached the National War Labour Board on March 7.

It was evident from examination of the material that it had been prepared having regard to the provisions of section 20, subsection (1) of the Wartime Wages Control Order, P.C. 9384, as this section stood prior to February 15, 1946. However, as from February 15, that section and subsection had been amended by P.C. 348, which amendment altered the powers of the war labour boards by requiring that to authorize or direct a wage increase they must find that existing rates were "low" by comparison with rates paid comparable classifications or, they were empowered in the alternative to give authorization on such other basis as the board might consider reasonable in the circumstances and consistent with the maintenance of the existing prices of the goods or services sold by the employer.

No evidence on these alternative bases were included in the application and the National War Labour Board, therefore, wrote to the parties jointly on March 19, as per copy of letter attached. It will be appreciated that what the board was trying to do was to bring the terms of the

application within the powers given to it as no administrative board could act otherwise than within the limitations of such powers.

3. Mr. Conroy said in his evidence in speaking of the application, "Supplementing this joint appeal was the guarantee of the employers that prices would not be raised. Despite this, the National War Labour Board rejected the joint application, the result being that the employees of the Chateau Laurier and other hotels threatened to go on strike. The effect of this threat was that within a span of a few days, the increases were granted by the National War Labour Board."

This statement does not correctly represent the facts in the following particulars:—

- (a) The National War Labour Board's letter did not constitute "rejection" and was not intended as such. Rather it was an attempt by the board to assist the parties in getting the application into such shape as would bring it within the four corners of the governing order in council so that the board might thus approve it.
- (b) As the letter itself clearly indicates, the employers at that time had not supplemented it (the joint application) with a guarantee that prices of hotel services would not be increased if the wage increases were granted.
- (c) Shortly after receipt by the railway companies of the national board's letter, the employers did furnish such assurance to the National War Labour Board in respect of charges for hotel services.
- (d) Upon receipt of such assurance which brought the application within the powers of the national board under the alternative clause of section 20, subsection (1) of P.C. 9384, the board did decide favourably on the application and issued its Finding and Direction accordingly and this action was not taken as the result of strike threat as Mr. Conroy intimates.

4. The wage increases for hotel employees were granted with effect from February 15, 1946, but the National War Labour Board in its finding and direction specifically reserved decision on the point of a further degree of retroactivity from October 1, 1945, as requested by the joint application. This was because, the board's action having been taken under a provision which only became operative on February 15, 1946, the board wished to assure itself of the legal position in respect of exercising such power with effect for an earlier period.

That point having been cleared up the National War Labour Board on May 18, 1946, issued a Supplementary Finding and Direction making the wage increases granted by its previous finding and direction effective from October 1, 1945.

Respectfully submitted.

Yours very truly,

(Sgd.) R. H. NEILSON,
Chief Executive Officer.

March 19, 1946.

Case File 3N-49.

Mr. F. W. EDGE,
Director of Labour Relations,
Canadian National Railways,
Montreal, P.Q.

Mr. Wm. J. SMITH,
General Representative,
Canadian Brotherhood of Railway
Employees and Other Transport
Workers,
208 Coronation Building,
1405 Bishop Street,
Montreal, P.Q.

Mr. H. D. BRYDONE-JACK,
Acting Manager,
Department of Personnel,
Canadian Pacific Railway
Company,
Montreal, P.Q.

Mr. H. A. CHAPPELL,
General Representative,
Canadian Brotherhood of Rail-
way Employees and Other
Transport Workers,
208 Coronation Building,
1405 Bishop Street,
Montreal, P.Q.

DEAR SIRs:—Receipt is acknowledged of joint application by the Canadian National Railways and Canadian Pacific Railway Company, dated March 4, 1946, with which were enclosed letters of confirmation by representatives of the employees, for approval of adjustment in basic wage rates of pay of various occupational classifications covered by collective agreements engaged at certain hotels operated by the railways as follows:—

Canadian National Railways:

Chateau Laurier Hotel, Ottawa.
Prince Arthur Hotel, Port Arthur.
Fort Garry Hotel, Winnipeg.
Prince Edward Hotel, Brandon.

Canadian Pacific Railway Company:

Royal Alexandra Hotel, Winnipeg.
Hotel Saskatchewan, Regina.
Palliser Hotel, Calgary.
Empress Hotel, Victoria.

Joint Canadian National and Canadian Pacific Railways

Hotel Vancouver, Vancouver.

The application has received the attention of the National War Labour Board and I am directed to say that the board is required to deal with it pursuant to the provisions of Wartime Wages Control Order, 1943, P.C. 9384, as amended, and particularly of section 14 and section 20 (1) (a) thereof.

There has not been submitted with the application any evidence to show that the existing wage rates of the occupational classifications involved are low in comparison with the rates generally prevailing for the same or comparable occupational classifications in other hotels in the same localities.

If comparisons as indicated cannot be shown to justify the board in directing increases in wage rates as proposed under the provisions of the first part of section 20 (1) (a) of P.C. 9384, as amended, the board is empowered under the latter part of the section of the order mentioned, not earlier than from the effective date of such amendment, to authorize variation of rates on such other basis and to such extent as in its opinion

is reasonable in the circumstances "and consistent with the maintenance of existing prices of the goods and services which the employer sells."

If the application is to be further dealt with, whether under the provisions of the first part or of the second part of section 20 (1) (a) of the Wage Control Order as amended, evidence should be submitted to justify the board in directing or authorizing increases in wage rates to the extent proposed.

As previously indicated in other cases, the board, in view of the principles of the order, would find it difficult to justify increases in wage rates to hotel employees specifically on the ground that occupational classifications engaged in direct railway service have been accorded the same increases in wage rates as proposed by the application for hotel employees.

However, if a revised application is made under the second part, rather than under the first part, of section 20 (1) (a), and if reasonable grounds are stated in support, the board is prepared to favourably consider the same with effect from February 15, 1946, provided that the railways in the revised application undertake that any increase in wage rates authorized in pursuance of the revised application will not be used as a ground in support of any request for authority to increase their hotel charges to the public.

Yours very truly,

(Sgd.) R. H. NEILSON,
Chief Executive Officer.

By Mr. MacInnis:

Q. Last Friday, after you had read your brief, Mr. Mitchell, I was asking you some questions in regard to the international woodworkers' dispute with the British Columbia operators. I refer to your statement in the House of Commons on June 4, referring to the offer of 15 cents an hour. You said:—

I believe it is sensible, it is fair, and it is sound. I hope the I.W.A. will have the good sense to see to it that they recommend it to their membership.

In reply to my question on Friday, you said that, in words and I think in effect, the I.W.A. got this award of 15 cents an hour not through force but because it was fair, sensible and sound; and you further said you were talking to the mass of lumber workers in order to get them back to work. Is that correct? —A. Yes, I said that.

Q. Yes; now, is it not fair to assume that other workers, for instance, the steel workers, and other workers in Canada, heard these phrases and words, or saw them in the press, or heard them over the radio; would it not be fair to assume that they, too, would come to the conclusion that 15 cents an hour given to the woodworkers would also be fair in their case, and believe that they were sensible, fair and sound?—A. They might do so, Mr. MacInnis, if they did not have an intimate knowledge of wage structures such as you and I have got. Sometimes 5 cents is sound and fair. You know there are differentials such as between the building trades in Hamilton and Toronto; there has always been a differential there. I do not know why, but there has always been one, and I have nothing further to add to my statement made in reply to you on Friday or Saturday last.

Q. That statement is important because the issue now is whether 10 cents or 15 cents is too much; and you have put your stamp of approval on 15 cents an hour, not once, but two or three times. I want to know why 15 cents an hour is sensible, fair and sound in British Columbia for the lumber workers and

not fair, sensible and sound in Hamilton and Algoma and in Sydney? That is what the issue is to-day.

Mr. GIBSON: He might have been wrong then.

Mr. MACINNIS: He did not say it was wrong; but if it was wrong, as a Minister of the Crown, he had the right to tell the people of Canada that it was wrong; but when he did not tell the people of Canada that it was wrong, he misled the people of Canada, and because he misled the people of Canada we are in this jam.

The WITNESS: I am not all powerful, Mr. MacInnis; you give me credit for too much. I told you last Friday—and you can make all the kinds of speeches you want to.

By Mr. MacInnis:

Q. I am not making speeches; you should be the last one to accuse anyone of making speeches. You have been making them here ever since we began.—A. I have been very quiet in this committee.

Q. That is merely a matter of opinion.—A. You look at the record, Mr. MacInnis. I have nothing further to add to what I said on Friday.

Q. Do you still say that the award of 15 cents to the woodworkers, in relation to what you said on Friday, was still sensible, sound, and fair?—A. I would say this to you. I have said other things if you will look at the record.

Q. I have not got the record before me.—A. That is all right. I have said on other occasions that 10 cents has been fair. I thought it was a fair settlement.

Q. I understand that, but it is very difficult to get other people to agree that 10 cents is fair when 15 cents was fair when you paid it to the woodworkers.—A. I have said this to you also, that in the steel workers application there is an application for an offset differential. I think it is 3 cents on the evening shift and 5 cents on the graveyard shift. I say this also to you, that this is a seasonal industry. I have said that to you. You know something about wage negotiations, that in the sheltered trades the wage structure has always been up to now 10 or 15 cents lower than for those people who are subject to climatic conditions in what we call seasonal industries. I think you will agree with me here that as I said on Friday it is easy to be wise six weeks afterwards. You know the temper of the House of Commons at that time. What I was endeavouring to do was to save that enormous crop of food out there. If I had to do it again I would do it again under those circumstances. It is all very well for you to stand there, but my idea was to get that crop off, and we got it off.

Q. I am not finding fault with you, but the point I wish to make is was this fair, was it a sensible increase, was it a sound increase? Remember it is more than 10 cents an hour and you are saying now that nothing more than 10 cents an hour can be granted.—A. I would say this to you. Would you suggest to me that somebody in British Columbia should ask for a review of that settlement before the national board on appeal?

Q. I do not get the purport of your question.—A. I forget the words you used, but apparently you think that the 15 cents an hour to the lumber workers in B.C. was not a correct decision in the light of what has transpired probably in other parts of Canada. Would you suggest this, that in the light of your position that an appeal should be made to the national board that the ruling of the regional board for 15 cents was not a correct decision to make?

Q. No, I am not suggesting anything of the kind. I am asking you to justify that. I am asking you to justify the 10 cent increase that you are insisting on now and that is now holding up the industry of Canada and bringing our economy to chaos.—A. I do not agree with you there.

Q. You do not?—A. Not for one minute. I believe that it is the utter disregard of the regulations established for the adjudication of wage conditions in the way we have it here. I read out earlier this afternoon where it was

suggested that we introduce industrial councils in this country, by compulsion, I would assume. Here is a group of organizations who are at this moment, you understand, deliberately circumventing the machinery that was set up for the adjustment of these particular disputes, and yet they come to this committee notwithstanding that fact and say that they want one law for me but a different law for you. You cannot shake me from my conviction that unless you do comply with and go through the necessary democratic procedure in these matters I think you come into court with unclean hands.

Q. Did the woodworkers go through—A. Sure they did.

Q. All the procedure.—A. I gave the steel workers the same opportunity. I gave the steel workers the same opportunity. I appointed a commissioner.

Q. On Friday in your submission you made the statement that the wage co-ordinating committee of the Canadian Congress of Labour had made their demands a considerable time ago, and that they were not affected by the present conditions. Now, the pulp and sulphite workers in British Columbia are not an affiliate of the Canadian Congress of Labour. They are an A.F. of L. union and they, too, got 15 cents an hour. Is that not correct?—A. I believe so. I will take your word for it.

Q. You do not need to take my word for it. Either you know it or you do not.—A. I will say this to you. You heard Mr. Murchison's figures. I think the boards have dealt with over 100,000 cases. I have a fair size administrative job. This is just one part of it, and it is physically and mentally impossible for me to carry around in my mind the details of every decision of every regional and national war labour board in this country.

Mr. BLACKMORE: Hear, hear.

The WITNESS: And what is more I would not waste my time trying to do it because I have got other things to do.

By Mr. MacInnis:

Q. I do not suppose you would, but it is necessary in order to bring this out because not only one organization got it but other organizations got it. I suggest it is too late after granting a 15-cent increase to several organizations to say now that an increase cannot be granted over 10 cents an hour. That is the point that I wish to make.—A. May I say this to you in reply? You have just asked me a question about 10 cents. There is nobody in this committee yet has said that 10 cents is the maximum. What Mr. Gordon said and what I have said myself—and I am not going to change my position on that—if we are going to have inflation, and if we are going to kick the lid off let us have it off with our eyes wide open and not by subterfuge. I am not suggesting subterfuge to yourself. You mentioned the pulp and sulphite people in British Columbia. That is an international organization. They made a settlement between 8 and 10 cents in Ontario, and 8 and 10 cents in Quebec. Why those regional board, or why that organization, took that position in eastern Canada I do not know. Why they made that decision I do not know.

Mr. McIVOR: Ten cents in Fort William.

By Mr. MacInnis:

Q. I did not get the first part of your remarks. You said you did not say that 10 cents was the limit that boards would be allowed to grant?—A. If I might make this clear to you—I do not need to because you know as much about it as I do myself but you probably have not had the experience I have in these cases, and I do not say that in any reflection on yourself—none of these cases were ever placed, to my knowledge, before the regional board of Ontario. You know when a settlement is made with conditions as well as the basic increase which it looks like 10 cents on paper it is 15 cents in actuality. That is where you get offset differentials, time and a half for 44 hours, pay for certain holidays, and those kinds of things. That all enters into the cost of production.

Q. Quite, but in your submission on page 2 you say:—

The Department of Labour, as has been shown in evidence here, offered to recommend to the appropriate wage boards that they issue a directive providing for an overall wage increase of 10 cents per hour.

To whom would you issue that directive?—A. We would recommend. We could not direct anybody.

Q. What is the meaning of the word "directive" here?—A. We would recommend it to the regional war labour board. I will tell you what I said—

Q. This is your submission.—A. Just wait a minute.

Q. This is your submission. I am reading from it.—A. I am being very frank with you. I am trying to, anyway.

The CHAIRMAN: Order, order.

By Mr. MacInnis:

Q. I am not trying to have you say anything you do not want to say.—

A. What you want me to do is stick my neck in a noose, and I am not going to do it. I do not do those things.

Q. If you take it that way it is your words that form the noose, not mine.—

A. I do not do those things. I play with my cards up on the table, or I try to, and I am not suggesting you do not either.

Mr. GIBSON: Did you say up or down?

The WITNESS: No, I say I play with my cards on the table.

Mr. SMITH: What are those things about the dining-room table, love birds, are they not?

The WITNESS: You are asking me about that 10 cents. The Department of Labour cannot direct. Of course, they can recommend, and I did this in view of the urgency of the situation, in view of what I thought the steel workers would have taken two or three months before; I thought that I would take a bold course of action to try and pull this thing out of the fire. That is as truthfully as I can express it to you. I thought I would take the bold course, and biff, pull this thing out of the fire and give us a breathing spell to try to do something to conciliate. That is the only reason for that.

By Mr. MacInnis:

Q. Does that mean that the regional boards have not authority to go beyond that 10 cents an hour?—A. I want to say this to you, that the regional boards are being given no directives whatsoever on the question of wages.

Q. But the directive is here in your own words?—A. I said I would recommend it to them.

Q. You said— —A. I have told you—

Q. What you have here is "to the appropriate wage boards that they issue a directive providing for an overall wage increase of 10 cents per hour".—A. It is only a recommendation. Will you take my word for it?

Q. What is the difference between a recommendation and a directive?—A. I do not know. What page are you on?

Q. Page 2 at the bottom of the third paragraph.—A. Yes, that is it. That is all right. I start off by saying what I have all along. I thought I was not so dumb as all that. That is why I was talking about the noose.

The Department of Labour, as has been shown in evidence here, offered to recommend to the appropriate wage boards that they issue a directive providing for an overall wage increase of 10 cents per hour.

I do not know whether you have got the same brief that I have got.

Q. I have got the same one. It is the one I read out.—A. You read yours out.

Q. I read it to you as it appears on page 2. It seems to me it is quite clear that a recommendation is made to the war labour boards that they make 10 cents an hour—A. May I say this to you? You have got your head in your own noose.

Q. I have not got my head in any noose.—A. What you should have done is you should have read the whole statement.

Q. I read the statement. The statement is whole in itself.

Mr. SKEY: Whose brief have you got there?

Mr. CROLL: The middle of page 2.

Mr. SKEY: He is reading from Mr. Conroy's brief.

Mr. MACINNIS: No, I am not. This is what I am reading from.

The WITNESS: What were you reading from?

Mr. MACINNIS: I am reading from your submission.

The WITNESS: You just left out a part of it.

Mr. MACINNIS: I did not leave out a word.

Mr. BLACKMORE: Read it again.

By Mr. MacInnis:

Q. This is what I read:—

The Department of Labour, as has been shown in evidence here, offered to recommend to the appropriate wage boards that they issue a directive providing for an overall wage increase of 10 cents an hour.

A. The wage board issues the directive.

Q. The wage board issues the directive on your recommendation?—A. They can turn my recommendation down.

Q. If you were to recommend 15 cents I imagine they would issue a directive for 15 cents?—A. I cannot tell you what they would do.

Q. Was there any recommendation issued in regard to the woodworkers or pulp and paper workers?—A. None at all, not to my knowledge.

Q. Excepting that the amount was considered sensible, fair and sound?—A. Let me go back to that again, in the light of the circumstances, when the farmer had a gun to his head.

Q. You were asking organized labour to go through all the machinery. I submit to you when organized labour goes through all the machinery they come out on the short end. If you take your statistics and analyse them that is exactly what you will find.—A. I want to say this to you. I am not going to let that go either. You look at the weighted index of wage increases and I think you will find this, that since the institution of these war labour boards the rate of basic increase in the wage structure in this country—and I am talking now of the weighted index—has been accelerated more than any time in the history of Canada.

Q. That does not alter my statement.—A. You say they come out on the short end.

Q. What I say still holds, and that is why organized labour found that it did not pay to go through the ordinary channels. On page 10 of your submission you enumerate certain sections of the policy of the Canadian Congress of Labour, or the wage co-ordinating committee. I am not quite sure which.—A. The wage co-ordinating committee.

Q. No, this is the Canadian Congress of Labour delegation that met representatives of the cabinet. These are some of the points that were stressed. Your submission reads:—

Section 9 says: "The Congress believes that there is no longer any need for wage control in Canada."

Section 10 says: "Congress wishes to inform the government it has adopted a wage policy calling for a general increase in wage rates for the purpose of attaining a higher standard of living."

Do you think there is anything wrong with that?—A. I think this, that on the question of collective bargaining I think my position is well known. I hope we will get back to straight collective bargaining as soon as we possibly can, but let me say this, that even if we do that I do not think these disputes could have been avoided if we had had that. What I contend is this, that you cannot have the one without the other. You cannot have the one without the other.

Q. I do not think your answer has any relation to my question, but in the matter of collective bargaining—A. I want to say this to you if you are talking about the wage structure—

Q. No, I am not. It is the reference to section 10 I read out, and if you would listen to this we would not get into so much difficulty.—A. It is what you say afterwards.

Q. Section 10 says:

Congress wishes to inform the government it has adopted a wage policy calling for a general increase in wage rates for the purpose of attaining a higher standard of living.

My question is, is there anything wrong with that statement?—A. I do not know the course of your argument. I do not know what you are talking about.

Q. You put it in there for some reason. Do you find fault with it?—A. I do, up to this point.—As I say, I do not find fault with the general outlook, that wages should be just as high as the traffic can bear. I have always believed in that right down through the years. If I thought 25 cents an hour would not endanger the price ceiling, I would say, God bless you, let everybody have it; but I do think that I have enough sense to know that you cannot have the one without the other. As I said before, it is not the amount of money you have in your fist that counts, it is what you can buy with it after you have got it.

Q. It is quite evident that I cannot get a straight answer as to whether you object to this proposition that the Congress wishes to inform the government that it has a definite policy of calling for a general increase in wages for the purpose of obtaining a higher standard of living.—A. What is wrong with that?

Q. That is what I am asking you.—A. I just said that.

Q. Is there anything wrong with it?

Mr. BEAUDOIN: You had section 10 and section 12, and now you are quoting a different section.

The WITNESS: Hurry along Angus; let's have the next question.

By Mr. MacInnis:

Q. You say there is nothing wrong with it. It is rather an important aspiration of a working class organization.—A. I would say this to you again. I gave the thing in chronological order—

Q. Yes, I am carrying along through the rest, I am going to take them up, every one of them.—A. It cuts in across the outline of policy of the Wartime Wages Control Order.

Q. Yes.—A. Then they want collective bargaining. I don't know how you can do that. I don't know how you can have price control under those conditions.

Q. I am inclined to agree with you; in fact I mentioned so in the House on several occasions. I mentioned it in my speech on the address. You drew to my attention that both the Congresses, I believe, had asked for a policy of wage control.—A. In the case of the Labour Congress anyway.

Q. I am not sure, that may be the case. I will not argue that point with you. Then you quote section 5. Section 5 calls attention to 300,000 people unemployed and the situation is constantly growing more serious; and in section 11, it provides for the 40 hour week without reduction in income.—A. Yes.

Q. What I wish to ask you now is. Has not the menace of unemployment, thinking for a moment only of the ten years prior to the war—is not that sufficient reason for labour organizations now taking the precaution to provide that they are not again caught in an unwanted debacle?—A. I think the answer is very simple: Do you think these present strikes are going to help the passage from wartime to peacetime economy in this country? I think you had better ask that question of somebody else. I do not think that is going to help this country. I am convinced of that.

Q. I have not asked you if the wave of strikes are helping this country or not. It was not mentioned at all. As a matter of fact, I put myself in the same position as Conroy put himself in the other day and say that the strike is a very primitive weapon to negotiate with in dealing with labour disputes. If you want it any more definite than that, I haven't the words with which to do it. But in our present economy, in the ultimate analysis the strike is the last weapon of the worker. Would you wish to abolish them?—A. No, sir.

Q. Then why complain when the workers use them?—A. I want to say this, to you, that I am thinking of the organizations that have made the greatest progress in Canada up to now. They have not gone on strike.

Q. No, but the organizations that have made the most progress in Canada up to now have been sheltered organizations who could get improved conditions without striking. I have belonged to one of them and I know.—A. That is right.

Q. So then the organizations that are building up now are the mass organizations that were never before organized. And now, I want to ask you the question that I asked Mr. Gordon in regard to the 15 cent increase. Is it not apparent now that the disruption in industry because of the failure to come to a strike settlement will prove more disastrous to our Canadian economy than the additional 5 cents in wage increase which the government is not prepared to grant?—A. I think I have answered that before, but I am going to repeat it; that I do not think you can control the price structure even with a 10 cents increase. What do you know about that? I am not going to mislead the people of this country, particularly that great mass of defenceless people who should be of some concern to us here. I took an awful shellacking after the last war. I have a vivid recollection of it of all we tried to do, and all we did was to argue for the use of personal restraint until we got over the hump. My firm conviction is that this country is facing one of the greatest booms in its history if people can only keep their balance. I do not think there is any doubt about that. And I am going to say this to you, that I have to have regard for, and I think we should all have some regard, for a depression that comes by itself. I was in a powerful labour organization like yourself after the last war. Once we got away from the inflationary movement—you know what happened, and I know it. That is all we are trying to do. Maybe we are wrong. Maybe our policy of price control is absolute nonsense. History alone will prove whether it is right or wrong. I am going to state frankly, I am not going to be dishonest with the working people of Canada, I am going to say that you cannot have price control without a measure of wage stabilization. I am not going to do that, not to any man breathing.

Q. I am not asking you to do it; but I submit to you that prices are not being held—

Some Hon. MEMBERS: Hear, hear.

By Mr. MacInnis:

Q. And that within the next few days or the next few weeks I know sufficient from the communications I get that prices will in many lines have increased. The obvious thing is not to get the situation to where we will be trying to keep a line that cannot be held, but to make a new line; that is ultimately what the Wartime Prices and Trade Board will have to do if they are going to avoid chaos, if we are going to avoid chaos in this country. I am sorry now that I am making a speech rather than asking a question. But you mentioned a few moments ago that when prices got away after the last war the workers never caught up.—A. They never did.

Q. They never did. All right then. Most of the committee, outside of myself and a few others, have great faith in the chairman of the Wartime Prices and Trade Board, Mr. Gordon. He says—this is what he says: “the whole past record”—and I imagine the whole past record includes the period after the last war—“going back over many years shows that wages have in fact increased more than prices”. Now, as long as we have people administering or helping to administer the same things that are so much at variance we have no alternative left but to doubt the competence of one side of the other.—

A. I want to say this, Mr. MacInnis, if I have to take advice—and I am not including anyone in this committee in this statement—I mean people occupying positions such as I hold have for sheer physical reasons alone to have advice in the administration of their organization; I mean, you have to lean on people for advice; if I had to make a choice between the advice of Donald Gordon, who is absolutely essential to me, and some other people who have expressed opinions here, I know whose advice I am going to take, and that is Donald Gordon's, every time.

Q. I am not suggesting what you should not do, but I would not take Donald Gordon's advice, because it is not disinterested advice, because I do not think anyone has disinterested advice to give. A person's advice will be conditioned by his background and by his outlook upon life and he will give his advice accordingly; and to say that Donald Gordon or anyone else can out of the abstract give a conclusion on questions that come before them is just nonsense; and I think Donald Gordon has sufficient intelligence to be the first one to agree to that.—A. I cannot agree with you there. I am not a Scotchman, you understand.

Q. That is your misfortune.—A. My misfortune, probably. I believe that it is the thrifty people who are the background of the nation.

Q. That may be.—A. All right. You can have your say in that regard after I am through. And I think if we cannot control this situation within a reasonable degree—if we do control it when we think we can—probably—we do not know whether we can or not we can only hope—then I think it is positively dishonest to these people—I think it is positively dishonest and I am not making a political speech—to say to people who are on workmen's compensation pensions, on old age pensions, on soldiers' pensions and so on—to that great mass of defenceless people who are the great majority of the nation, that if you think that without restraint on wage increases maintain the real value of wages — —

Q. I am not going to have the Minister of Labour or anybody else put me in the position of giving the impression that I am trying to do that. As a matter of fact, that has been my chief fear here, and even with the life of this session the position of these people has deteriorated quite considerably. And I have, been watching various people and dealing with various classes too,—getting when they don't need it—I am coming to the conclusion that the thrifty people are not the backbone of the country, they are the funnybone of the country.—A. You may be speaking for yourself.

By Mr. Merritt:

Q. Mr. Mitchell, the last paragraph of your brief reads:—

In conclusion let me say that it is not for me to tell this committee what to do, however, I will take the liberty of giving it as my opinion that the committee will be doing what the vast majority of citizens of Canada wish done if it gives its influence in support of the efforts of the Wartime Prices and Trade Board to maintain prices and prevent inflation rather than lend its support to the Canadian Congress policy of abolition of wage control and the consequent wrecking of price control.

Will you now agree with me that another party, namely the Cabinet, would have more influence and have greater responsibility to use its influence in support of the Wartime Prices and Trade Board than has this committee?—

A. Well, I do not know. I thought parliament was supreme, Major. I mean, I have always thought that. Maybe you have a new way of doing it.

Q. So you will agree, of course, that this committee has no power whatever; that any report this committee makes to parliament would be dealt with by parliament as a whole, and on that occasion the government would have some policy to state. Is that not correct?—A. Well, you know as much about the constitutional position as I do. I do not want to get into any argument over the constitutional position. You know as well as I do that parliament is supreme.

Q. I do not want to get into any argument with you on constitutional law. So I take it then you do not agree that the Cabinet has more influence and responsibility with the Wartime Prices and Trade Board than has this committee?—A. This committee is an instrument of parliament.

Q. So that you will not agree that the Cabinet has greater responsibility than this committee to use its influence in support of the Wartime Prices and Trade Board?—A. I say, parliament is supreme.

Q. I take it then that you will not answer my question.—A. I have answered it.

Q. You will not say yes or no to my question.—A. I say, parliament is supreme.

Q. But you won't say yes or no?—A. That is my answer.

Q. Then I will go on and ask you this: is it the policy of the government to maintain price control and wage control in this country, no matter how much pressure is put upon it by management for price increases or labour for wage increases?—A. I didn't get that, I am sorry.

Q. Is it the policy of this government to maintain price and wage control in this country no matter how pressure is put upon it by management for price increases or by labour for wage increases?—A. Well, I don't know about that, Mr. Merritt. If the nation goes on the rampage there is not much you can do about it. I mean there you have this picture: you have the great majority of the people in this country who have co-operated with the application of price control. You have a vast majority of the people in this country who have co-operated with the principles of wage and salary stabilization. Now, if this nation should go on an inflationary bust, like some other countries have done; that is, the people themselves—your whole thing relies on the voluntary discipline of the Canadian people, undoubtedly.

Q. Your answer to my question as to whether the policy of the government is to maintain wage price controls in any event no matter what pressure is put on it by either management or labour for prices or wage increases; your answer is, you don't know?—A. No. I don't think anybody knows, because it is—mind you, our stated policy is to maintain it.

Q. Your policy is to maintain it?—A. Absolutely. At the moment.

Q. Yes. That is what I thought your answer would be.—A. Yes. But I am not projecting nine or twelve months ahead.

Q. I am talking about to-day, August 12, 1946; your policy is to maintain price control?—A. Yes.

Q. Well then, does the government accept Donald Gordon's limit of 10 cents as government policy?—A. The government has accepted no limit. I mean—that has been cooked up, because Gordon expressed an opinion like myself.

Q. Yes?—A. You cannot tell, as I have often said before, what the symphony sounds like until you have played it on the instrument. Now, the building trades in Ontario went to the regional war labour board and they got certain increases in pay. The people in British Columbia went to the regional board there and they got certain increases in pay. I do not know what the Ontario board would have done with these applications. I do not know; and, as I have said before, the whole foundation of labour machinery completely breaks down unless both sides—you understand—are prepared to use that machinery. People come with these briefs and they talk about the machinery when, at the very moment they are talking about it, they are breaking down that machinery. You cannot have one law for the rich and a different law for the poor dealing with the same subject; you have all got to be subject to the one basic principle.

Q. Yes; well now, I take it then that the 10-cent limit which Donald Gordon gives as his opinion, is not yet, at least, government policy?—A. What he said was—I do not know—I thought I made that clear—that I, as Minister of Labour, have no power or direction over these war labour boards; neither has Gordon. Gordon has expressed an opinion. His opinion is, if I remember correctly, that it would be a desperate struggle to maintain the price structure with a 10-cent increase. I have expressed a somewhat similar opinion.

Q. You are calling on this committee to make a definite statement as to whether they back Donald Gordon in that 10-cent policy, are you not?—A. No, nothing of the kind. All I say is that we have to say "yes" or "no" whether we believe in the principle of price control. Isn't it just as clear as that?

Q. No, I do not think it is. You say that this committee should come out in support of the Wartime Prices and Trade Board to maintain prices rather than to wreck price control. That seems to me to be a plea or advice to the committee to endorse Donald Gordon's evidence given in this committee.—A. I do not think you should bring Gordon into it. Price control is price control; let us stand on our own feet. God knows, he has had enough abuse in the last couple of weeks along with myself; but let us stand on our own feet. What this committee, you and I as individuals, have got to do is to decide whether we believe in the principle of price control and those things that are necessary to maintain it; but to ask me to suggest that the Ontario regional board should say so and so, the British Columbia board and the Quebec board, it simply is not done that way. I would not have any boards. They would not last five minutes.

Q. I take it then that you are not asking this committee to endorse Donald Gordon's statement of 10 cents as the maximum, or to give it support.—A. Not necessarily. Personally, I think Gordon is right. Mind you, it would be much easier for me. If I thought everybody could get 50 cents an hour increase to-morrow morning, I would say: God bless you. You see what I mean?

Q. So would I.—A. I remember once talking to a fellow—perhaps I had better not tell the story—but it is relative to just this kind of thing. I asked a well known man in Canada, when I had the job, when the governments were up against it, of negotiating with the different governments in this country. I went to this city and I said: "What do you need to get you over the stile?" He said, "\$300,000,000"; and I said, "That would be a bit of so and so; where are you going to get the money from?" And he said: "We will get it the same as the bankers, the old pen; that is all that is necessary." I said, "If it is as easy as that, since this is Christmas Eve, let us write everybody a cheque for \$5,000

and that will make us all rich." Let us get this clear: that if I thought that 50 cents an hour to-morrow morning would not be shaking the policy of price control, I would be all for it; but I am not going to take the position that some people would try to have me take. That is all right for the people back home; but I do not think it is the best kind of leadership—to say that wages earned by men and women in industry do not enter into the price structure, because I know that they do. In fact, I am convinced that they do.

Q. What worries me is that I believe, at the root of the present deadlock, and before these strikes are settled, we must have a statement of government policy and the wage ceiling which it will permit in pursuance and discharge of its responsibilities to the Canadian people to support price and wage control; and I think it has got to come sooner or later; so I was asking you now whether you could make any statement on that.—A. I want to say this to you: that is just the thing you should avoid, Major.

Mr. CROLL: I wish you would stop demoting him.

Hon. Mr. MITCHELL: Brigadier, then.

Mr. CROLL: No, just give him plain Colonel.

The WITNESS: I find you never antagonize an individual if you jack him up a couple of notches.

Mr. CROLL: But you were jacking him down.

Mr. SMITH: When I speak to you next, call me Corporal.

The WITNESS: Call me Corporal too, because I rose from the ranks in the last war.

By Mr. Merritt:

Q. I have a clipping here from the *Vancouver Sun*—where a lot of this unfortunate business apparently started—of August 8, the last issue which has come in, and it appears that the regional war labour board out there feels it is up to this committee to make a declaration as to the government's intention to hold the ceiling because in a statement issued by Michael H. McGeough, chief executive officer of the board, he explains the board's temporary 10 cent limit of wage increases; and I would like to say to you that in another news clipping it appears that "a series of interim decisions granting 10 cent wage increases, where 15 cents was thought, were handed down to-day by the R.W.L.B. The board explained that only 10 cent increases would be allowed, pending the recommendations of the Commons industrial committee now sitting in Ottawa.

"Plumbers and steamfitters employed by about 25 firms who asked a general 17 cent increase were granted 10 cents.

About 35 A.F.L. machinists who made a joint application with Letson & Burpee Ltd. for 15 cents werelimited to 10 cents."

It goes on to list a large number of other applications made to the board out there and the board has made a 10 cent interim award; and these aren't included apparently through the board, on the understanding that the board would make its final decision when the committee makes its recommendations. And in the statement issued by Mr. McGeough—which is quite a long statement—I simply call your attention to the concluding paragraph:—

In deference to the Standing Committee on Industrial Relations of the Dominion government, whose work is not yet completed, it is the opinion of the Regional War Labour Board for British Columbia that it may be necessary for the board in certain applications—for increases in wage rates to defer their final decision until such time as the Industrial Relations Committee of the Dominion government have made their recommendations. In such cases an interim decision will be made by the board.

Now I suggest, therefore, that whether or not this 10 cent statement is or is not government policy, it is now being treated across the country as a very definitive statement of the maximum wage increase that can be allowed; and apparently the regional war labour board out there expects this committee to make a recommendation on this point. I suggest to you that it would be helpful to this committee if we had from the government more, much more, ways of weighing Donald Gordon's evidence here than we have as to what that wage ceiling ought to be. Do you agree with that?—A. No, I do not agree with you, Colonel; I do not agree with you.

Q. Do you agree that, in view of the fact that many settlements have been made between employers and employees out on the Pacific Coast for 15 cents, than any decision less than 15 cents will cause considerable difficulty out there?—A. I cannot answer that; I do not live in Vancouver I am in Ottawa at the moment; they have their boards there that sit on these cases; they are right on the ground. The Minister of Labour of British Columbia is chairman, of course, the Hon. Mr. Pearson. I do not know why that board approved 10 cents in Ontario and 15 cents on the coast; it is their business; it is the business of the board. You remember, I am just a humble member of this committee when we come down to discussing these things. I know the position. I think I have travelled up and down this country; I am not a centralization man. I believe in the power of decentralization. I believe that certain factors operate in one province that do not operate in another province. There is a reason why small industries can exist, and why they are able to exist alongside of larger industries in the big cities and in the smaller towns. Ford in the province of Ontario has a better idea of the economic necessities of that province than we could have here; and the same things goes for Alberta, where my honourable friend comes from, Lethbridge. I think the people in Alberta are better able to size up economic conditions out there, far better than we here.

Q. I think you will agree, from these clippings I have read you, or from the statement of the executive officer of the Board in British Columbia, that there can be no final decision on any wage increase until there has been a definite statement by the government as to the maximum which it will permit.—A. I never made the statement, Colonel; I never made that statement.

Q. But it is the chief executive officer of this board who is now saying that the board is deferring to this committee and will make no final decisions on wage increases until this committee has made a recommendation.—A. The board in its judgment has made that decision; I am not going to express any opinion on what the board did. It is obvious that when this legislation was being drafted, it was deliberately made; it was deliberately given its own power, and not made to come under the direction, whatsoever, of the Minister of Labour. When it is set up, the board is just like a board of conciliation, once it is established. They are grown up people; there is the yardstick. There is the yardstick. Use it to the best of your intelligence and ability. If you are going to suggest that I, as Minister of Labour, should tell the boards of conciliation, or their chairman, what they should do, or these other boards, I would say it just is not done and I do not think it can be done.

Q. But they have now, apparently, voluntarily submitted to your jurisdiction, and are awaiting your decision, are they not?—A. Oh no, they are not; oh no, no!

Mr. MERRITT: That is all I have to say.

By Mr. Gillis:

Q. Mr. Chairman, I am not going to labour inflation. It is rather unfortunate that the Minister of Labour is in the position he is in before this committee; in effect he is a member of the jury that is trying himself.—A. I don't know; do you want me to get off and put somebody else on the committee.

Q. I want to make reference to the case that was put in the record this afternoon by the minister which has reference to the statements made by Mr. Conroy before this committee; that it took the threat of a strike to bring about an adjustment with the railway hotel employees. While the record which was read by the Hon. Mr. Mitchell this afternoon is a true record, it was not complete; and as Mr. Conroy has said, when questioned before this committee, from his knowledge of the facts; I have a statement here from the General Adjustment Committee, from the chairman of that committee, of the railway brotherhood.—A. Pardon me; I have no objection. You can read whatsoever you like, but some people take themselves too seriously. I get a good many people in my office, far more employees than employers, but nearly everybody comes and says; “If this is not done, the boys will walk out.” They rarely leave my office without having that final shot, and the mere fact that they threaten strikes does not always indicate that they are serious in what they say. Now, to trot that strawman forward—if I took any notice of the telegrams that I get, and of the language they are couched in, and some of the language that is used in my office, I would be insane in a week; but as I say, everybody you meet will say: “Lookout, if we don’t get this, the boys will strike.” There is nothing new about it; everyone in the labour movement knows that. That is what you always tell the boss if you do not get what you want.

Q. With regard to taking yourself seriously, you evidently considered this matter to be serious enough to talk it over with your officials and to read a statement into the record.—A. I know the national board is the flogging horse. There are not very many of them. It is very nice to knock the living day-lights out of free men; but you sometimes should look at yourself in the mirror and see if you are not on the wrong track; I am not speaking personally. My mind goes back to the Americans when they had their boards over there. The average life of a chairman over there was about five months. I was chairman for about a year, and Mr. Justice McTague for about a year, and Mr. Justice Archibald for about two years and three months. It is the easiest thing in the world to get up and criticize these people who are doing their duty the best way they can.

Q. I am not criticizing the board for anything they did; I merely want to complete the record on a matter that you yourself, this afternoon, brought up. Mr. Conroy represents 250,000 workers across this country; he made a case for them before this committee. He made the deliberate statement to this committee that in the particular case it took the threat of a strike to bring about a settlement. You checked that with your officials and you read this afternoon the complete record of the case into the record; and it will be evident to anyone reading that record that Mr. Conroy spoke without full knowledge of the facts.—A. I spoke with my officials; and those are the facts.

Q. That is quite all right; but there are two sides to a story.—A. I know my officials and I take their word for it.

Q. That is quite all right; I am not objecting; but on the other hand there are two parts to the story and in this particular case I am going to read into the record the complete statement as rendered by the chairman who carried on negotiations. I said your record was accurate up to a certain point; I am going to put this statement on the record to substantiate what Mr. Conroy has to say. This is the statement.—A. I do not mind what has been read, but let us have a sense of fairness in all these things. We have listened to-day to Mr. Jackson, who accused me of every crime under the sun, and he whacked the living day-lights out of the employers; they may be just as bad as he says they are, but nobody has heard from them, and the same thing goes for the rubber companies, nobody has heard from them; and it seems to me that this has been a soap box from one point of view.

By Mr. MacInnis:

Q. Why didn't they come?—A. You know as well as I do.

By Mr. Blackmore:

Q. Let us invite them, if they have a case.—A. Those who were invited came.

By Mr. Beaudoin:

Q. Would it be in order for Mr. Gillis to file evidence on behalf of somebody who has already been here and been asked questions and has been dispensed with? Is a member of the committee allowed to bring in evidence with respect to companies which have been mentioned here or unions which have not filed their evidence. I would just like to ask for a ruling on that point.

Mr. BLACKMORE: On a point of order, if a member of the committee cannot do that, then, how can we provide for getting the whole truth on both sides of a case.

Hon. Mr. MITCHELL: All right; Mr. Conroy made his statement and I made my own. You can weigh the evidence.

Mr. GILLIS: That is not the situation, either.

Mr. BLACKMORE: Not at all.

Mr. SMITH: May I speak to a point of order; I think I can settle it, to Mr. Gillis' satisfaction. I had the record produced to-day because it was in answer to a question I asked of the minister, when he said he would find the record. I want to make that clear; it was not volunteered by him. I asked for it. You remember. My suggestion to Mr. Gillis is this: If Mr. Conroy wants to file the sort of statement that you are speaking of, let him do so; that would be a means of getting through with oral evidence.

Mr. GILLIS: This was not submitted to me by Mr. Conroy, but by the Chairman of the employees affected in that particular dispute.

The CHAIRMAN: If you will permit me, the usual channel to which this statement should come is through the chair. If this gentleman wants a statement to be put on the record why does he not send it to me? I would be glad to give him in all fairness all the latitude that he would like to get. Otherwise, I think we are opening the door to a very broad practice. If this gentleman is not ashamed, if I may use that word, of what he has prepared I would welcome his brief or his statement, and I will do with it the same as I have done with Mr. Gordon's statement. I would ask the committee if it is its desire to put it on the record. I would be very glad to do that if this gentleman will send it to me.

Mr. MACINNIS: On a point of order, I think Mr. Gillis' point is that the statement made to-day by Mr. Mitchell—

Hon. Mr. MITCHELL: Saturday.

Mr. MACINNIS: No, the one you read to-day in regard to transport and other general workers. That it is not the complete story, and if it is not the complete story it is not the correct story. He wants to furnish the part that will give the complete story. Consequently I think it is in order.

Mr. SMITH: I agree with all that. I am just trying to find a way to do it.

The CHAIRMAN: It is 5.30. To-morrow morning at 11.30?

Mr. SMITH: What about this evening? Are we not going to meet this evening and finish this? I move we sit this evening.

Mr. CROLL: I will support that.

Mr. BLACKMORE: We have got parliament going. Surely we cannot be out of parliament all the time.

Mr. CROLL: The sooner we get through with this the sooner we will be back in parliament.

Mr. BLACKMORE: There is no evidence we are going to get through with this.

Mr. CROLL: We can finish Mr. Mitchell's evidence tonight and then decide to consider the matter.

The CHAIRMAN: There is a motion before the chair.

Mr. MACINNIS: I move we sit at 8.30.

The CHAIRMAN: All those in favour? Opposed? The motion is carried.

The committee adjourned at 5.30 p.m. to meet again at 8.30. p.m.

EVENING SESSION

The committee resumed at 8.30 o'clock p.m.

Mr. GILLIS: Before adjournment I was endeavouring to place on the record a statement from the general chairman of the Canadian Brotherhood of Railway Employees. There was reference to a statement put on the record from the national war labour board by the minister, and there was some argument as to whether or not it was admissible.

Mr. CASE: On a point of order, Mr. Gillis is now going to seek to put a statement on the record. We read into the record despatches from the press, and so on, but here is a statement from a man who is not sworn. He has not been giving evidence before the committee. I really wonder if Mr. Gillis is in order in putting that statement on the record in refutation of a statement made by a man who is sworn.

The CHAIRMAN: Is there anybody who wants to speak on the point of order?

Mr. CROLL: Mr. Chairman, I certainly think we are going to waste more time, and I think the best thing to do is to let Mr. Gillis read the statement and ask the minister whether or not it is true, and get it over with. Otherwise, we will be here all night. I think he has a perfect right to read it, even if he is only reading it to himself.

The CHAIRMAN: It is up to the committee to decide if this statement is relevant to the issue.

Mr. CROLL: He may ask a question, and it is just a long question; that is all.

Mr. CASE: It may be relevant as a reference but not to be put on the record.

Mr. CROLL: I do not think anything hangs on it. Go ahead.

Mr. SMITH: Mr. Case is right, but let us get on with it.

Mr. GILLIS: Am I permitted to do so?

Mr. SMITH: Unanimously; you have the unanimous consent of the whole House of Commons and press gallery.

Mr. GILLIS: It is well to have both sides of the story.

The committee applied to the national war labour board on October 1, 1945, for a finding and direction with regard to wage adjustments for the employees of Canadian National and Canadian Pacific railway companies hotels. The board reviewed the general submission and referred the application back to the committee under date of October 12, 1945, for further negotiations with the railway companies, with a view to submitting a joint application. This was done, and a joint application was submitted on March 4, 1946. The railways at the time advised the board that the rates were considered fair and reasonable, and not inconsistent with the intent of the provisions of the Wartime Wages Control Order, 1943, and they asked that the rates be increased with effect from October 1, 1945.

Between the original application and the joint application, the government had amended the Wartime Wages Control Order by order in

council P.C. 348, dated January 31, 1946, which provided, with effect from February 15, 1946, that the war labour boards might rectify wage rates which are low "in comparison with the rates generally prevailing for the same or comparable occupational classifications."

On the basis of this amended order in council, the board wrote to all parties concerned under date of March 19, 1946, stating that it was required to deal with the application on the basis of the amended Wages Control Order, and that no evidence had been submitted to show that the existing wage rates were low in comparison with the rates generally prevailing for the same or comparable occupational classifications in other hotels in the same locality.

Mr. SMITH: You said March 14, 1945. Are you sure of that?

Mr. GILLIS: March 19, 1946.

The WITNESS: You said 1945.

Mr. GILLIS: It is 1946.

Mr. SMITH: You said March, 1945. Let us get it straight.

Mr. GILLIS: March 19, 1946.

—stating that it was required to deal with the application on the basis of the amended Wages Control Order, and that no evidence had been submitted to show that the existing wage rates were low in comparison with the rates generally prevailing for the same or comparable occupational classifications in other hotels in the same locality. However, the board stated that if such comparisons could not be shown to justify the board to direct increases in wage rates, it might authorize increased rates to such an extent as it considered reasonable in the circumstances and consistent with the maintenance of existing prices. The board therefore stated that if a revised application were made and reasonable grounds were stated in support of this application, the board was prepared to consider it favourably with effect from February 15, 1946, provided further that no increase in prices was involved.

The committee replied under date of March 28, 1946, that the application had been made on October 1, 1945, under the old order, and that the evidence submitted fully justified the wage increases. It was pointed out that if comparisons of rates were to be made it should not be between first class hotels and second, third or fourth class rate hotels in the same localities, and the opinion was expressed that no such comparisons were possible or necessary under the order. The comparison of rates should be made between hotel employees and railway workers in other services, such as dining and sleeping car services, express services, etc.

It was evident that the board was unwilling to deal with the case on the basis of the order as it existed when the original application was made, and would in any event authorize increases effective from only February 15, 1946.

This is the point here that I think substantiates what Mr. Conroy said before this committee.

When the employees concerned were informed regarding the attitude of the board, they at once demanded a strike vote. When this was made known to the board it decided to grant the increases as from February 15, 1946, without further application or the hearing of further evidence, but reserved judgment with regard to further backdating the increases. Inasmuch, however, as the employees and the railway managements had jointly asked for the increased rates as from October 1, 1945, this decision was not satisfactory to the employees, and the board on learning that this was highly unsatisfactory and was likely to lead to a strike issued a final decision authorizing payment as from October 1, 1945.

Mr. CASE: Who wrote that?

Mr. GILLIS: This is signed by J. E. Querido, General Chairman of the General Adjustment Committee for Railway Hotels. He is the man who carried on negotiations.

I just wanted to put that on the record, because I think it substantiates what Mr. Conroy said before this committee.

The WITNESS: I wonder if I might say this in reply to that. That letter has not changed my opinion one iota. I still believe the officials and the members of the national war labour board. I will be glad to have a look at that in the record, but I still maintain this, that as I said this afternoon, and you should know just as well as I, too, the threat of a strike is used so often, sometimes by people who think they are men of destiny but they are just ships that pass in the night. I get a little tired of it, but I get accustomed to it, and I am sure my good friend, Dave Croll, who was minister of labour in Ontario, would probably bear me out on that part of it.

Mr. SINCLAIR: Some ships do not pass in the night.

The WITNESS: Well, they do.

Mr. CROLL: This one did not.

Mr. GILLIS: There is no need to argue the matter any further. The fact of the matter is that the demands made by these people were granted without a second application.

The WITNESS: All you are inferring is—and I do not agree with you—that to a properly constituted body all you do is say, "Do this or else". I do not think they did that.

By Mr. Gillis:

Q. I am not trying to do that at all. I am merely supporting what Mr. Conroy said before this committee. I know Pat Conroy a long time and I know he does not talk loosely, and I do not want the inference put forth that he does. I do not want the impression to go out from this committee that Pat Conroy was talking loosely before this committee. There is one question I should like to ask you apart from that. Is it the policy of the national war labour board or the policy of the government to maintain in Canada provincial differentials in wage rates?—A. That is an easy question to answer. As I said this afternoon the respective regional boards have jurisdiction in their own fields subject to appeals to the national board. This is not a country, you understand; this is a continent, and I know of no country in the world—and I include them all, even the country that one of the witnesses to-day had so much affection for—where there are not differentials as between localities. Even in Great Britain with their long experience you find differentials. You have got provincial rates and the northern rates and the London rate, and what have you. There is a general reason for that kind of thing. As I said to my hon. friend I do not know of anybody better able to size up the situation in Nova Scotia than the people in Nova Scotia themselves. This idea of central organization that can operate a country as large as this, I doubt very much the wisdom of that under ordinary peacetime conditions.

Q. In effect then, as far as you are concerned, you think these differentials should be maintained providing the regional labour boards of the different provinces want to fix things that way? The reason I ask you this is that an Ontario contractor took a job at Amherst, Nova Scotia, and he took a good body of men from Ontario with him. He was paying them certain wage rates in the province of Ontario and in taking over the job down there he applied to the provincial labour board for permission to pay the wage rate he was paying his men in Ontario. He was refused that rate by the provincial war labour board and the contractor in turn appealed to the National War Labour Board and the National Board handed down a decision that prohibited him paying those men

the wage he was paying them in Ontario. I understand that the contractor was receiving the same remuneration for work in that province as he received for similar work in the province of Ontario.—A. I think you had better ask the contractor.

Q. I am asking you now if that is the policy of either the national or the provincial boards, because they were all functioning under the Department of Labour to maintain these differentials.—A. I might say this to you, they are not functioning under me. I am what you might call a liaison officer. They are separate independent boards set up by legislation, and they are grown up men and include representatives of labour and industry.

Mr. McIVOR: And they are men of intelligence and experience.

The WITNESS: Yes. As my honourable friend says they are men of intelligence and experience.

Mr. SMITH: I wish you would stop whispering down there.

The WITNESS: He said (Mr. McIvor) that they were men of intelligence and experience.

Mr. SMITH: I merely wanted to know what was being said.

The WITNESS: I should like to know myself.

By Mr. Gillis:

Q. They are not free, independent boards. That is a very debatable point. You have wage control orders in this country—national?—A. Yes.

Q. And your federal and provincial boards operate under those orders and are restricted to the limitations thereby imposed. They are not free agents.—A. That is true. The judge on the Bench interprets the law. I mean, you and I understand that. It is a simple thing. It is so obvious that I do not know what you are driving at.

Q. You will know what I am driving at before I am through, before you are finished with the steel strike and the taking off of the differential there of five cents as against the rest of the industry. In fact, the matter is one which has been in the hands of the National War Labour Board for the last two years and still obtains in steel. What I am trying to find out and what I want to know now, is that I am going to leave this House in a few days and go back there among 4,500 of these people and I am going to have to answer as to what the government policy is on this question of the differential.—A. I think that is a responsibility, my honourable friend, as to whether there is to be a steel industry exist in the province of Nova Scotia.

Q. As long as you subsidize it to the extent of six or seven million dollars a year that will be all right.—A. That is all right. Supposing—I don't know whether I should say this to my honourable friend.

Mr. SINCLAIR: I said, we would like to have a couple of million dollars to subsidize a steel industry in British Columbia.

Mr. SMITH: I wish those B.C. fellows would speak up. I can't hear you.

Mr. SINCLAIR: I said, we would like to have a couple of million dollars to subsidize a steel industry in the province of British Columbia. We don't begrudge you that. We think we should have the same.

The WITNESS: There is a reason for the differential, as my honourable friend knows. As I said this afternoon, there has grown up in this country on a large scale what you might call small industries in small communities. There is a reason for differentials between these smaller communities and the larger centres like Montreal, Toronto, Winnipeg and Vancouver and so on. There are a lot of factors involved to anyone who would take a look at the thing. There is a reason for the differential between, for instance, the Steel Company of Canada and Dosco. Now, you have heard all the argument here.

I have heard it. It may or may not be true, I don't know. It has been charged that the company is inefficient—well, there may be a measure of truth in that. You know and I know that when they have to compete with a plant like Stelco, which is probably the best located steel plant in North America—I believe it is—it's close to its raw materials, it is situated on Lake Ontario, it has three or four transportation systems that pass through the community; it has the power, tremendously cheap power; and density of markets, which is a great thing. And you have the other situation in Algoma where it was stated here—I don't know—it was stated even to-day that the increase in the price of steel permitted to be charged by the operators, that the Americans can ship materials for their area for distribution at \$5 a ton cheaper than they can produce it themselves. I don't think you can laugh these things off. It is all right to get sentimental and say let us subsidize, and do this and do that; but there are cold, hard blooded economic facts that you cannot get away from. You remember the situation in Trenton. We had a strike there—

Mr. CROLL: Trenton where—Ontario?

The WITNESS: No, Trenton, Nova Scotia, where there was a steel plant. What did they do? They closed the steel plant down and operated in a main centre of distribution, I think it was Montreal. You cannot laugh those things off. It does not matter what you talk about—weights, or beans, or butter, or what have you—there are reasons for all these things.

By Mr. Gillis:

Q. No, I do not think you are right in that. The commission which investigated that proposition very clearly stated that if the money spent on machinery had been spent in the maritimes, Nova Scotia, it would have been a more economical proposition. The way it was—of course, I understand the reason you give—cheap labour, centralization—

The CHAIRMAN: Order please, gentlemen. Let's get on.

Mr. GILLIS: I am not going to argue those cases with you; but I just want to pin you down to that question of differentials. I judge from your attitude now that it is the policy of the government as administered by both the national and the local boards that the differential in the eastern provinces particularly are to be maintained.

Mr. SINCLAIR: And in the western provinces too, unfortunately.

The WITNESS: I want to say this to my honourable friend, that normally the jurisdiction belongs to the provinces. You can't laugh that off. You can make a lot of silly, sloppy suppositions about it, but you cannot laugh it off. That is their jurisdiction. And I have noticed in the House of Commons that some people are rather critical of the fact that we had a Transitional War Measures Act—I think it is called.

Mr. SINCLAIR: The Emergency Powers Act.

The WITNESS: Yes, the Emergency Powers Act—you can make a speech about that back home, but you can't make it here and get away with it.

Mr. GILLIS: I am not making speeches, I am stating facts.

The WITNESS: I would say you are distorting facts; you are just distorting facts, that is all. You are trying to laugh yourself out of a jam, and it can't be done. You can't break the law by agreement.

Mr. GILLIS: Who is suggesting it?

The WITNESS: Well, you are talking about it; do I agree with this, do I agree with that. When this thing is handed back to the provinces I want to hand it back to them in good shape.

Mr. GILLIS: Well—

The WITNESS: Just a minute now. There are people who have to live there. I haven't got to live in Nova Scotia. I haven't got to live in British Columbia.

Mr. SINCLAIR: No; that is too bad.

Mr. MACINNIS: For the people in British Columbia.

The WITNESS: That may be true, too. But that jurisdiction has got to be given back to these people, and I do not know anybody better capable of understanding than the people of the provinces concerned; they are best qualified to size up their own economic situation. Now, it has been said to me about Dosco—there may be no truth in this, I don't know; there may be a measure of truth in it—that that organization—and I hold no brief for Dosco, they are quite capable of taking care of themselves—it has been said that if they were permitted to go their own way they could make that a profitable operation, but to do so, would mean the laying off of a good many men. That has been said to me. I think this, that leadership—and that is why I believe in collective bargaining under normal conditions where the economics of the industry are the governing factor—on both sides has the responsibility to see that employment is available. In the old days in Great Britain—I do not know about to-day—the wage structure there was based on the rise and fall in the cost of steel. For years and years they conducted negotiations on that basis. Some years ago I was in Belgium where, as you know, they produce a great many of the steel rails as you do in Nova Scotia at the plant there. I talked to the general secretary of the steelworkers organization in Brussels and I said, "Your wage structure is pretty low in comparison with ours in North America." I was young and simple in those days, perhaps more simple than I am at the moment.

Mr. SINCLAIR: No one ever accused you of being that.

Mr. CASE: Years bring better judgment.

The WITNESS: This particular union organizer or leader said to me, "We have to sell this stuff." This is a small country with 13,000,000 people and we have to compete in the markets of the world. It is just as simple as that. Take your own coal situation in Nova Scotia. At this moment I am told you can run West Virginia coal in Sydney cheaper than it can be produced in Sydney or in that area.

Mr. GILLIS: That is not true.

The WITNESS: It may not be true, but nevertheless that has been said to me by people who are supposed to know the business. That is a problem that I think the local people are best able to handle.

Mr. GILLIS: You talk about silly speeches! I asked a very simple question.

The WITNESS: I have given a simple answer.

Mr. GILLIS: He did not answer me at all. He went all over from gold to coal. I merely asked him if it was the policy of the federal government, who administer these boards yet under the Emergency Powers Act, to maintain wage differentials in a given industry from province to province. In other words, are you in favour of the same rate of wages in each province in Canada for the same classification of work? That is very simple. There is nothing about gold or coal or the economics of the industry in that.

Mr. SINCLAIR: But there is the British North America Act.

Mr. GILLIS: Not at the present time; under your Emergency Powers Act the federal government is still administering that legislation.

Mr. SINCLAIR: Until March of next year.

The CHAIRMAN: Order, gentlemen.

Mr. GILLIS: I have not got that answer yet.

Mr. SINCLAIR: I think you have.

Mr. GIBSON: Economics is the answer, Mr. Gillis.

Mr. GILLIS: No, they are not the answer. You have a dispute on right at the present time that caused this committee to be set up, so that question is a very pertinent question in that dispute. Unless the man who presides over that department can tell us—and I do not think there is anyone else we should ask just what the attitude of the government is on that point—then I cannot understand what Mr. Brockington is going to do.

The WITNESS: I wonder too, after some of the speeches that have been made here since he has been trying to settle that dispute.

Mr. GILLIS: I have not heard any speeches made here except along those lines, that Donald Gordon came in here and drove a lot of spikes for the minister and the Minister of Finance and then they came in here since and clinched them. Those are the only speeches I heard made.

The CHAIRMAN: Is the committee through with the witness?

The WITNESS: I have just a couple of figures I can put on record. I think you asked for them.

Mr. BLACKMORE: Go ahead; put them on the record.

The WITNESS: The question was asked about the increase of 5 cents, of 5 cents to 10 cents and of 10 cents and over. The information is as follows and comprises the period May 1, 1946, to July 31, 1946, inclusive.

Mr. BLACKMORE: Would you read a little more loudly, please?

The WITNESS: Sure.

Mr. BLACKMORE: I suppose the minister is tired.

The WITNESS: This is from May 1, 1946, to July 31, 1946, inclusive:—

- (a) number of employees receiving increases up to 5 cents per hour inclusive, 81,479;
- (b) number of employees receiving increases over 5 cents and up to 10 cents per hour inclusive, 168,247;
- (c) number of employees receiving increases over 10 cents per hour, 44,497.

By Mr. Blackmore:

Q. I do not get what men those are. Would the minister tell us that? What type of men is he talking about?—A. I could not tell you. They are cases that have come before the regional and national boards. They may be any ones—building tradesmen, loggers and what have you.

Of the total number of employees shown as having received increases over 10 cents per hour 34,784 were in British Columbia chiefly employed in lumbering and logging on the west coast or in the pulp and paper industry of that province. Of the remainder making up the total of 44,497, as stated, wage rates were increased chiefly because existing rates had been found by the war labour boards concerned to be “low” by comparison with wage rates of comparable occupational classifications in similar employment in the area or in some cases as the result of job evaluation within an employer’s own wage structure.

Mr. C. A. L. Murchison, K.C., Alternate Chairman of the National War Labour Board, has already placed on record with the committee information to the effect that approximately 282,000 employees of Canadian industry had received wage increases of 10 cents or 10 per cent as the case may be. The discrepancy between that figure and the figure of 168,247 noted above in the 5 cents to 10 cents per hour bracket is, of course, due to the fact that the figures put in by Mr. Murchison related

to a longer period than those now submitted in reply to the question asked you.

Yours very truly,

R. H. NEILSON,
Chief Executive Officer.

By Mr. Beaudoin:

Q. Mr. Mitchell, I want you to go back to these regional war labour boards. These boards were set up following an agreement with the provinces, were they not? I am talking about the regional war labour boards. Were they not set up by an agreement with the provincial governments?—A. Yes. I was the first national chairman, as I have said, and my first duty was to get all the provinces into conference; that is, the ministers of labour or those holding portfolios equivalent to that and there was agreement reached that for the duration of the war and the War Measures Act they would give up their jurisdiction over that aspect of civil rights; that is over wages and hours of labour. At that time in every instance the chairman of the board was the minister of labour of the province.

Q. Who might have delegated the powers to his deputy minister to act as acting chairman?—A. That is right.

Q. But in fact, it was the minister of labour in the provincial government concerned?—A. That is correct.

Q. Therefore, to say that the regional war labour boards are not free agents would mean that the provincial ministers of labour are guided or controlled by the federal Minister of Labour.—A. I know, but that is not true.

Q. No; what I said was that to say that the regional war labour boards are not free agents, it would amount to saying that the provincial ministers of labour are controlled by the federal Minister of Labour.—A. That is right.

Q. That is not so?—A. No.

Q. I do not think we can say that of the Minister of Labour of the province of Saskatchewan.

Mr. GILLIS: I said they were controlled by the control order and operate under that; and as such are not free agents.

By Mr. Beaudoin:

Q. I am not going to quarrel with you on this matter. About wage differentials. Would you not consider that it would be exceeding the powers which were conferred upon you by this agreement with the provinces, should the federal government proceed to equalize wages across the country?—A. I think that should be left to the regional boards. The national board, in a broad way, always took that position.

Q. And it is a matter of provincial jurisdiction?—A. That is right, absolutely.

Mr. SMITH: When? Do you deny that all jurisdiction is in the Dominion, under the War Measures Act?

Mr. BEAUDOIN: Oh no. It is about these differentials between the provinces. I understand the Minister of Labour said there was provincial jurisdiction given up for the duration of the war or the existence of the Emergency Powers Act, and therefore it would be considered by the federal minister as exceeding his powers, if he was proceeding to equalizing wages across the country.

Mr. SMITH: It is a nice thought.

Mr. BEAUDOIN: Yes, I think so.

By Mr. Beaudoin:

Q. Now, on the first day of your presence here as a witness, you mentioned the fact that you were the chairman of the first National War Labour Board

which was composed then of nine members, and that later on Mr. Justice McTague took over; and following his resignation he recommended that the board be reduced from nine to three members.—A. That is correct.

Q. That is correct; now, you also said you should have to take recommendations from the major labour organizations in this country to nominate these three men, you would have had to take into consideration recommendations from four major organizations. How could you satisfy those four major organizations if you had only three members to nominate?—A. I said only one from labour; that is all. Just one.

By Mr. Smith:

Q. Would Mr. Beaudoin permit an interjection. You said: that following Mr. Justice McTague's resignation his recommendation was that it be reduced to three. The first labour board was composed of Mr. Justice McTague, Mr. J. L. Cohen of Toronto, and somebody else; so it was not following his resignation but before his resignation.—A. I was the first chairman of the National War Labour Board and we had representatives of four on each side. Then, when I resigned, after coming into the portfolio, Mr. Justice McTague was asked to take over the chairmanship and he suggested that it be reduced to a board of three, which was composed of Senator Bench, Mr. Justice McTague, and J. L. Cohen. All three were lawyers. And upon his resignation— I mean, what my honourable friend said was quite true. There were four organizations.

Q. Wait a minute; this was before his resignation that it was reduced to three.—A. Oh yes.

Q. His question was: after his resignation it was reduced to three; and that is wrong, isn't it?—A. Oh yes.

Mr. BEAUDOIN: I would like to correct my question, but it was not the important part of my question anyway.

Mr. SMITH: All right; but it was wrong, wasn't it?

By Mr. Beaudoin:

Q. Yes, I agree. I had the answer to my question and that was the point that I wanted to bring up, that there were four major organizations in this country, and you had only three members to nominate. Therefore you could not disregard the recommendation of the fourth major organization.—A. There was only one member or one labour representative on the board; not three, but just one.

Q. Yes, but if you had had to contend with recommendations made by four major organizations, you would have had to have a board of four, not of three.—A. Yes.

Q. Now, on page 5 you talk about the nomination of a controller. On page 5 of your submission, you talk about the nomination of a controller and it was indicated by some member here asking a question to you, that his understanding was that the controller, when nominated, would take over the administration of the company and so on. Now, my understanding is that there might be different phases in the work which are conferred upon these controllers. Isn't it a fact that sometimes they do take over the administration of a company?—A. Well, it is only nominal, you know.

Q. I refer to the Montreal Tramway strike.—A. Yes, it was more or less nominal; I mean, the operating people operate the street railway. It is merely an instrument that is used to keep the plant in operation. The controller does not operate the street railway. It is just an instrument that is used to carry out the operation.

Q. Yes. Now, this Wartime Prices and Trade Board. After it was formed it was headed by Donald Gordon. Are there any other members on that board?—A. Oh, yes, I understand there is. I do not recall—what is the name of the

organization—the Wartime Prices and Trade Board. The Deputy Minister of Labour is a member, and the Deputy Minister of Agriculture is a member, and I forget the other members; but there are other departments of government represented, such as the National Revenue.

Q. The Department of Munitions and Supply was represented by Mr. Lamontagne at one time.—A. Probably, yes.

Mr. BEAUDOIN: Someone here on the committee worried about the co-ordination of wage control and price control; I think it was Mr. Smith.

Mr. SMITH: I did.

Mr. BEAUDOIN: And asked if there was not any place where these two organizations could meet at the top.

Mr. CROLL: I think we are all worried about that.

By Mr. Beaudoin:

Q. Now, you said that price control couldn't go on without wage control and vice versa; these two organizations were set up to fight against inflation. Now, together with that, that was not all the machinery that was set up by the government to fight inflation; wasn't there something else which was organized by the Department of Finance, for Victory Loan campaigns, for instance, forced savings, and so on?

Mr. CROLL: The Treasury Board.

By Mr. Beaudoin:

Q. Wouldn't there be some co-ordination of all this somewhere in the government?—A. As a matter of fact, the meeting of minds comes in the cabinet; that is the policy-making body; it lays down with respect to legislation and it lays down the policy.

Q. Now, Mr. Minister, there was a statement made this morning by Mr. Jackson; on the third page of his brief where he said, and I quote:—

There is a full-blown conspiracy on the part of Canadian employers against the Canadian people.

And he referred on the following page to the sit-down strike of production. Have there been any specific cases brought up to your attention?—A. No. I agree with everything Mr. Smith said about the lockouts and the sit-down strikes; if there was a conspiracy, I know nothing about it; I know absolutely nothing about a conspiracy between Gordon and myself or any other people. I can say this to the politicians: that you do not need to worry about this kind of people; it is the votes that count. It is the large organization that counts, with the voting strength. They are people who usually carry influence and some of those people who are accused of conspiracy and that kind of thing. Sometimes I am inclined to think that they are the mildest men who ever scuttled a ship. When it comes to this kind of thing, as far as I am concerned, it is simply ridiculous; I think it is very silly, and you should not even give any consideration whatsoever to a statement of that description. It is a political document and it is the language used by a certain political party in this country.

Q. I consider this is very serious language. I want to ask this: suppose a specific case is brought up to you; what action could be contemplated by your department or by the government?

Mr. GIBSON: Conspiring.

By Mr. Beaudoin:

Q. A sit-down strike, as far as production is concerned?—A. I do not know; I think the government would soon get after a thing of that description; I have no knowledge of it whatsoever. I know Mr. Howe's organization. He is in

charge of reconversion, and I think if there was any evidence of a deliberate sit-down strike with respect to production he would certainly want to know about it and investigate it.

By Mr. Smith:

Q. Dealing first with this matter of conspiracy Mr. Beaudoin talked about, I am sure, Mr. Minister, that you will understand that when I raised that I thought it was both stupid and silly.—A. Sure I did.

Q. Things of that kind. Now, I turn to what you said about a meeting of minds in the cabinet. That is with respect to policy. I think you were here when the acting Minister of Finance appeared before us and he stated to us very, very plainly that in his judgment this 10 cents was the limit beyond which wages could not go. Do you not regard that statement, coming from the acting Minister of Finance, as a statement of government policy? If you do not, how could we get it more plainly?

Mr. CROLL: I do not want to interrupt your questioning, but I do not think you are quoting him exactly. Do you remember the exact words? I think you want to be fair.

Mr. SMITH: I am glad you interrupted me, and I hope anyone will if I am not being accurate, because here we want accuracy. I can see Mr. Abbott now standing there, tall and graceful, and his arms were going and his legs were going as they always go when he is embarrassed. What he said was this: he adopted everything that Mr. Gordon had said and it was his personal opinion—he used the word “personal”—that we could not go beyond that 10 cents. Now, am I right up to now?

Mr. CROLL: You have left out something. He said it would be dangerous to go beyond that. That word I remember exactly.

Mr. SMITH: All right. In other words, we have the red light.

Mr. CROLL: That is right.

By Mr. Smith:

Q. Can you think of any better way for government policy to be stated in the matter of price control than by the minister who has charge of that operation? Can you think of any more plain way of doing it?—A. I would say this, Mr. Smith, I have used somewhat similar language, and when you asked a frank question I always endeavour to give a frank answer.

Q. I agree with you, and I hope you will live up to your aspirations.—A. But when I spoke of policy I was not talking in terms of wages; I was talking in terms of the orders in council which were drafted and were passed under the War Measures Act and which have been changed from time to time as we endeavoured to move out of price control and wage stabilization. That is what I call—I suppose you can call it high policy.

Q. I know, but I am speaking only of last week, speaking of this day, of this moment. The acting Minister of Finance told us that his judgment was—perhaps I had better give it to you—

Mr. CROLL: It is at page 733. You asked a question. It is at the middle of the page.

Mr. SMITH: Without my reading all that will you not agree with me that I am giving you in essence the statement the minister made?

Mr. CROLL: Except that Mr. Abbott is careful to say it is not government policy.

By Mr. Smith:

Q. I am asking the minister where can we get a better statement of the government's policy than from the acting Minister of Finance in the govern-

ment? You tell me. Help me. I am lost. If that is not government policy I do not know how you can find it. Perhaps you can help the minister?—A. I come back to this point, Mr. Smith, that I am not going to instruct war labour boards—

Q. No, no; government policy.—A. —but I think you will agree with me on this if I might go this far—

Q. Go as far as you like; we will come back to it.—A. —that I question the wisdom of a government being the negotiator for industry on the matter of wages; I question the wisdom of that—

Q. I agree with you. My trouble is that I agree too much with everybody; but the government must make up its mind somewhere where the wage increase has got to stop. Is it at 10 cents? That is a simple question. The acting Minister of Finance said so a few days ago. If you both want to deny it it is all right with me, but I would like to know where we stand.—A. You mean beyond 10 cents an hour?

Q. Yes.—A. I think I expressed my opinion on that.

Q. You have expressed yourself, but I doubt if you expressed an opinion.—A. I am convinced of this, Mr. Smith, that even 10 cents an hour is inflationary—must be.

Q. I am content with that, and I am sure the Minister of Finance is in agreement with me.—A. Except I did say this, I think, the last time I was up, that there was a limit notwithstanding the fact that it is not an exact science. I mean they call in the experts. It is not an exact science. There has to be a measure of common sense in conformity with the conditions at the moment. I was in this room when the war labour boards were here the last time; when I spoke to them I talked along these lines. I said common sense and integrity and the protection of living standards of the Canadian people should be the yardstick under the new order. That was the language I used.

Q. I am only interested at the moment. I am not saying I disagree with you. But we have had two ministers of the Crown expressing the opinion a 10-cent wage increase is the limit to which we can go without the danger of collapse; would that be a fair statement—A. I would not say that, no. I said the core of the problem, Mr. Smith, if I may restate it, is to maintain the price structure, the stable price structure as stable as we can maintain it for the purpose of the protection of the living standards of the great mass of the Canadian people.

Q. Agreed.—A. Now, I cannot agree that when you increase the wage structure it does not have an impact on costs. I cannot agree on that.

Q. I agree with you.—A. I would like to be able to—

Q. I will agree with that. Do not worry. I agree with everything you have said up to now. I did not mean to interrupt you.

Mr. CROLL: I thought it was a good time to sit down when you agreed.

Mr. SINCLAIR: Are you going to vote Liberal next election, since you agree so completely with the minister?

Mr. SMITH: The difficulty is how I am going to vote. I would not vote for anybody in the country to-day if there was danger of being led around by opiated people.

Mr. SINCLAIR: You agreed with him.

Mr. SMITH: I have gone with him 100 per cent on the three statements he has made, but he has not answered my question. It is a simple question.

The CHAIRMAN: Order, order.

By Mr. Smith:

Q. Is it government policy to-day that 10 cents per hour is the limit to which wages can increase without a real fear of the collapse of our economy? That is a

simple question. Call in the army and the navy.—A. I did not get that, Mr. Smith. I do not need to call in the army and the navy. I have seen some people snooping around here giving questions for members to ask some of the witnesses.

Q. They have given them to me. Let me join with them.

Mr. SINCLAIR: They have not given them to me. I ask my own questions.

Mr. JOHNSTON: I have not been given any questions either.

The WITNESS: Frankly I cannot go any further than I have gone. That is my own personal opinion.

By Mr. Smith:

Q. All right, I will leave it.—A. As I said this afternoon—

Q. If I am ready to leave it surely you should be.—A. If \$1 increase right across the board would not affect the economy I say, "God bless us, let everybody join in the prosperity".

Q. I beg your pardon?—A. I say "let everybody join in the prosperity".

Q. Did I destroy a gem by any chance?

Mr. SINCLAIR: He destroyed one of your gems a moment ago, so you are just even.

By Mr. Smith:

Q. Thanks for everybody's help, but I am going to leave it, anyway. You said in answer to Mr. Beaudoin that the government appointment of controllers was a nominal appointment. Surely you did not mean that?—A. I mean in this sense. Take the Montreal street railways. You appoint a controller. The day to day administration of that street railway is carried on by the operators.

Q. Most certainly.—A. He was Mr. Cousins, J. L. Cousins.

Q. Never mind him.—A. I am just getting a plug in for him because he did a pretty fair war job and is a great fellow, too.

Q. I will agree with you there. I do not know him but I will take your word.—A. As to the day to day administration as I say that was carried on by the company.

Q. Agreed.—A. All he had to do was keep the ship on an even keel while they were negotiating.

Q. You are through?—A. I am through.

Q. The final authority was in his hands when he was the government appointed controller of that company?—A. Absolutely.

Q. Then it was not a nominal appointment, was it? I am not quibbling over the meaning of the word. We either appoint controllers and mean it or we do not. Am I right about that?—A. I would say this; they have got all the power—I was going to say all the power in the world, but that is a pretty large place. They have large powers, but in any of the disputes we have been involved in with the exception of one it has not been necessary to use those powers.

Q. In other words, you are not going to suggest they were given those powers with no idea they might be able to use them, are you? That is what "nominal" means.

Mr. GIBSON: Powers of intimidation.

Mr. MACINNIS: That is what the order means.

Mr. SMITH: The orders specifically set out all the powers.

Mr. MACINNIS: Read section 3 and then read section 4. What it gives by section 3 it takes away by section 4.

Mr. SMITH: They are contradictory, but I think that was poor draftsman-ship. I think you must have drawn it, as a matter of fact.

Mr. MACINNIS: If I had it would have been good.

By Mr. Smith:

Q. In answer to Mr. Beaudoin when the war labour board came down to three members he pointed out to you there were four organizations and you took only one labour man. Therefore they could not have four members. Let me agree with him on that because you cannot divide four into one very well in the shape of human beings. I will try to name them. I guess they are the Canadian Congress, the A.F. of L., the Catholic organization in Quebec and the Canadian Federation.—A. The running trades on the railroad.

Q. That is five, is it?—A. Four.

Mr. BEAUDOIN: I should like to correct you when you say the Catholic organization in Quebec. It is the National Syndicates which is a national organization. There is also the Catholic syndicate in Quebec, but the one he was talking about was the National Syndicate.

Mr. SMITH: I apologize for my ignorance, but there are still four.

Mr. GILLIS: There is no A.F. of L.

Mr. SMITH: The Trades and Labour Congress. A rose by any other name would smell and look as sweet.

The CHAIRMAN: Order, please.

By Mr. Smith:

Q. Supposing there are four; did you never hear of four people being consulted with respect to the naming of one man?—A. Sure.

Q. And they were not consulted in this case, were they?—A. I have said that. It sometimes happens in the administration of a labour department that other organizations are not consulted. I remember when the World Federation of Trade Unions met in Paris. The government provided air travel for Mr. Conroy to go to Paris. He is a member of the Canadian Congress of Labour, but there were other organizations concerned from which representatives were not sent. Quite often there are cases where you have to use your own judgment, and if there should be any criticism you have to take it. As I said before I take full responsibility for these appointments. These gentlemen had already been nominated by their respective organizations, and so therefore I appointed him. When Mr. Bell died I recommended the appointment of Mr. McClelland.

Q. What you mean is the minister of labour consulted no one except Humphrey Mitchell?—A. Except himself.

Q. I am following you backwards. You drove by me very fast the other day, but I am following you. I want to ask you this simple question. Do you deny under the War Measures Act that all matters with respect to labour were conferred on the dominion government? Do you deny that statement?—A. No, I do not deny it.

Q. All right, that is a simple answer and we will let that one go. Now, may I again join with you—A. Except this, if I may . . .

Q. Oh, now.—A. Wait a minute. I have never been one of those persons who believe in compulsory co-operation whether it is in labour legislation or whether it is in other fields. What I have endeavoured to do, and I suppose my department works with the provinces more than any other department of the government, what I endeavoured to do with the provinces—and I think it is the correct procedure—is to adjust policies in a manner that makes for smooth working. When you are negotiating agreements with them some of them want it phrased one way and some provinces want it another way, but if the final outcome is the same I see no objection to it. In the big picture we have had exceptionally good relations with every province in Canada.

Q. I am very happy to hear you say that, but your first words are a sufficient answer for me. I turn to the second last thing I have in my mind, and

that is to reassert to you that for anyone to suggest that you were in a conspiracy with employers against the people of Canada is hogwash of the worst kind, so we will just let that rest there. I want to speak to you about another matter, because having proven you are an expert in many things I am sure you know all about inflation. It is this. As I understand inflation we have over here rising prices, and over here on my left hand—and I am not pointing at anybody—we have wage increases, and I agree with you that they enter into the price. It seems to me that anyone who denies that is not only stupid but silly. If over here we have a labourer,—and I am going to use round figures—who takes home \$50 a week for 48 hours work, and then takes home \$50 for 40 hours work he is not contributing on the wage side to inflation at all, is he? He is only getting the same amount of money. Do you agree?—A. I agree.

Q. Then, to counterbalance such price rise there may be the greater expense involved in the cost of things which may count for something, among them the number of people from the bread line who are unemployed and who might be able to go back to work on account of that eight hours a week off. Is that a fair statement?—A. I would say so, in the fluid labour market.

Q. What?—A. In the fluid labour market.

Q. I am talking about another thing that is fluid, unemployment.—A. I did not get that.

Q. Unemployment tends toward deflation.—A. Absolutely.

Mr. SINCLAIR: In other words, inflation makes employment and deflation creates unemployment.

Mr. SMITH: I wish you would speak louder.

Mr. SINCLAIR: I am afraid that you would agree with me, so I dare not speak loudly.

Mr. SMITH: I will agree with you on that. Now, let us assume as some people suggest that as much can be constructed in eight hours—I am not suggesting these are my views at all, I mean in 40 hours as in 48 hours—and the person who works 40 hours gets the same take-home pay as he did when he worked 48 hours you have no inflationary buying power there, just the same amount of dough.

Mr. BEAUDOIN: But don't forget there is the increased cost of production.

Mr. SMITH: In other words, you do not increase the purchasing power so you do not put pressure on the ceilings on account of increasing purchasing power; is that correct?—A. If I could put it to you in a simple way.

Q. Do you, or do you not?—A. No—as I say, if I could put it to you in my simple way.

Q. Your specific way?—A. Simple way.

Q. Simple way—I am happy to hear you use that expression.—A. I think I have used this privately. I do not know whether I have used it publicly or not, I may have. Some time ago we met with Mr. Hill, representative of the automobile industry and I said this to him—they had a lot of resolutions, I have had a good many resolutions myself in my day—and I said it is comparatively easy to draft a resolution about your policy in industry, and I am not taking one side or the other, you have to produce a car for the average person earning from \$30 to \$50 a week, what he can afford to pay. Now, I said, it may be argued that people earning that salary could not buy a car; but in that salary range are the people who do buy what they call cars in the low price field, and that is the guts of the industry (to use the language of the street); and unless you can produce cars that these people can buy you won't be working. And to me it is just as simple as that; it is just as simple as that. I have been through this before. I went through it in 1919.

Q. I agree with you on that entirely.—A. I mean, there is no secret to it. It is so simple that that is what you have got to be able to do. I think the press

is fairly reliable, the *New York Times* is considered very reliable—it is supposed to be reliable—and, according to them, I think they are having a change of view over in the States. The opinion has been expressed that already that 18 cent an hour they got has gone down the drain in the increased price of the cost of living.

Q. There is no doubt about that. I won't dispute it.—A. And you have that school of thought and they may be right and they may be wrong. I don't know. The proof of the pudding is in the eating of it. There is that school of thought. One witness to-day who did not paint it in very bright colours. He thinks you should have your inflation and get it over with and let the economy shake itself down. There is that other point of view.

Q. That I think was said by a member of the committee, I don't think it was a witness.—A. No, it was a witness who criticized certain people. There is a strong body of opinion, reliable opinion that take that point of view. Now, as I say, I believe experience is the best teacher. As I said this afternoon when I came back from the last war we struck here—

Q. I had the same experience.—A. They gave us our gratuity in one hand and took it away from us by inflation with the other. You paid sixty bucks for a suit that wasn't worth fifteen.

Q. On what wages?—A. I don't know. Why, in my time I think butter—if I remember rightly, I forget—it was 90 cents a pound. I know that chicken was selling at 90 cents a pound. The first Christmas dinner we had after I got back we had chicken and that is what I paid for it.

Mr. CASE: You can't get any butter at all down around here now.

The WITNESS: Sugar was selling at 25 cents a pound. You talk about buying a bag of potatoes—we bought potatoes by the potato on the Hamilton market.

Mr. SMITH: I wasn't in your place then.

The WITNESS: I say it is just a straight matter of judgment and it is a difficult thing to do from Mr. Gordon's point of view and from my own point of view. I often say to myself, "praise the Lord and pass the resolution". There is hardly a day goes by without my resignation being demanded; and I say to them this: "praise the Lord and pass the resolution". I am so convinced in my own mind that the policies we are administering are in the best interests of the people of this country and the farmers, that I am willing to take a chance on an expression of opinion as against people that have no responsibility. I am prepared to take that chance, if you want to call it a chance. But I think this, that if we are able and willing to maintain the price structure that when we are over the hump we will be credited at least with being sincere at the present time notwithstanding the fact that the going is pretty tough. And now, that is my firm conviction. If I am wrong I will suffer for my sins like anybody else does in a democracy.

Mr. SMITH: I am only anxious to express my appreciation for the very direct answer that the minister gave to my question.

By Mr. Case:

Q. I am sure the questions I have to ask will not bother the Minister because they are more or less routine, for my own information and for the information of the committee. A few days ago I asked Mr. Conroy where the application began for an increase in wages and I want to ask the Minister the same question. Now, the first process of negotiation is when the employer and the union or the employees talk things over.—A. That is right.

Q. Then they go to the regional— —A. War Labour Board, yes.

Q. Has the Regional War Labour Board the right to hand down a final judgment?—A. Subject to appeal to the National Board.

Q. Does it always go to the National Board?—A. Not necessarily. It goes there for review. They have the power to review.

Q. Does it always go there for review?—A. Yes, but there is not much interference.

Q. If the employers and employees agree does it still go there for review?—A. Yes.

Q. And if there is a disagreement at the regional board either party can appeal?—A. They have the right to appeal. Mr. Justice McTague laid that down.

Q. Yes.—A. When I was chairman there was no appeal, but there is that right now.

Q. And the National Board has the last word on the appeal?—A. That is it.

By Mr. McIvor:

Q. When the War Labour code was drawn up did labour have any part in suggesting anything that would be in that war labour code?—A. Yes, sir; they were consulted. Every parent organization, that is the large parent organizations such as the Canadian Congress of Labour, and the Trades and Labour Congress, and the National Syndicate in Quebec; and the running trades, the Chamber of Commerce, the Manufacturers Association, the Canadian Construction Association, the mining association—I forget its full title now—and of course all the provincial governments. I think that is a very full list, although I may have left out some.

Q. So that it was really the voice of labour. When that was passed—of course, I understand it was not passed at the first reading—was there any objection to it from labour?—A. Well, I read into the record, Mr. McIvor, the expressions of opinion of Mr. Bengough and Mr. Mosher the other day; and while I cannot speak from memory, they were statements that they issued that they were highly pleased—well, they spoke in high terms of the order, called it a step in the right direction.

Q. I was meaning, of course, when it was first passed, labour endorsed it.
The CHAIRMAN: Order, please.

By Mr. McIvor:

Q. Now, there has come about some change on the part of leaders. Is there any reason for that change?—A. Well, I do not know. I think I read out the other day the fundamentals in the brief that suggested the amendments to the code. They are not what you might call revolutionary in character. There is one that deals with a change to the effect that instead of using “bargaining agent” it should be “bargaining agency”. The other deals with the question of union security. I think they are the two basic suggestions made as to the amendment of the order. As I said previously, Mr. McIvor, I am going to meet with the provincial governments some time this fall. After all is said and done, it is their field of jurisdiction. They were consulted before, they will have to be consulted again. The Emergency Powers Act will expire, I suppose, early in the new year. I assume, with the expiration of the emergency legislation, that jurisdiction will be returned to its proper field. What we will have to have in the dominion is a code of our own; that is for the dominion.

Q. As far as the law is concerned, it is a good law, even yet. There are three things that I agree with you on. The first is that I think labour should always hold the right to strike. That is their weapon. But of course it should be used sparingly. The other thing is that a man should have a living wage. Those who went through the depression know what made people red; and if I was not a red, I did get pretty hot many a time when I could see able-bodied men with some years in university who could only earn \$5 a week. We cannot over-much blame the fellows who went that way. A man has a right to a living wage. Then the third thing I agree with you on is that we should maintain

price control. I have had a couple of letters to-day asking just what we were doing down here to allow price control to get out of hand. We have got to hold that, whether it is popular or whether it is not; and I hope that you will have the sand in you, my big friend, so that you will stick to it, no matter what the pressure is from the employers of labour or the labour unions. I hope that you will stand by price control through thick and thin.

Mr. SINCLAIR: Mr. Chairman, I should like to ask a question or two—following up what Mr. Gillis has said, but from the very opposite side of the continent and from the very opposite side of the question—on wage differentials. Before that, however, I think I too should follow up what Mr. McIvor has just said. We have had very glowing tributes here to the Minister of Finance who only battled figures in the war, and to Donald Gordon who battled prices; but the Minister of Labour, after all, has battled people—the employers on one side and labour on the other. I think to his courage and his durability this country owes a great deal; and I never thought more of his courage and good sense than I did this afternoon when he called the evidence of Mr. Jackson “guff” and when Mr. Smith, who has now departed—

Mr. SMITH: Oh, no.

Mr. SINCLAIR: —called it “hogwash”. Pardon me—

The CHAIRMAN: Order, gentlemen, please.

Mr. SINCLAIR: My friend Mr. Smith is here. I will change that. He has just changed his seat. In saying that about a labour leader, I do not want it to be thought that I am anti-labour. I was tremendously impressed by the presentation of the steelworkers who came down here and presented a reasonable, sensible, carefully prepared case which was the equal, if not the superior—right or wrong—to the case presented by the lawyers of the great steel companies. When you contrast that with the electrical union sending down a mass delegation, led by a piper, with a man with a megaphone, herding these people like sheep before the parliament buildings, singing offensive songs about a minister of the crown, and thinking that was going to impress a parliamentary committee, I must confess I am amazed at the stupidity of such union leadership. And I am more amazed when they send as their delegate Mr. C. S. Jackson to talk on their behalf, and to say with insufferable gall—and I use that word advisedly, that he spoke on behalf of the Canadian public—a man who was locked up for being a hindrance to our war effort when we were at war and Russia was not, a man who to-day said with pride what a great day June 23, 1941, was when Russia went to war—forgetting that we went to war against fascism on September, 1939.

Mr. GIBSON: Hear, hear.

Mr. SINCLAIR: I might say that I think the time has come for some plain speaking as far as labour leadership and communism in this country is concerned. I think that union leaders should be Canadian labour leaders and not advocates for Russian power politics. Getting back to differentials, Mr. Gillis spoke about the fact—or if not Mr. Gillis, it was Mr. Mitchell—of Dosco being subsidized to the extent of \$6,000,000 to \$8,000,000 a year, in the steel industry. I tell you, Mr. Gillis, that in British Columbia where we have limestone, coal, ore, power and markets all within 50 miles, we should like to be subsidized for a steel mill to the tune of \$6,000,000 to \$8,000,000 a year, but we are not. More than that, we should like, as you would like, to have a national wage pattern. You complain because wages are too low in Nova Scotia. I have complained here, not about wages being too high in British Columbia, but that with these differentials we are legislating ourselves out of industry in British Columbia. If 15 cents is a good pattern in British Columbia, then I say it is a good pattern in Canada. If 15 cents is not a good pattern across Canada, then I say it is not a good pattern in British

Columbia. That is the problem we have to face. Having said these things I wish to say that I am not making a speech for I am heading into my questions. Mr. Gillis has questioned you, Mr. Minister, on this point of wage differentials, and you have come back with a statement.

The CHAIRMAN: Order, please; you have no right to interrupt in this room.

By Mr. Sinclair:

Q. This question of wage levels is primarily under the British North America Act, a provincial problem, as we know; but it was controlled by the Dominion as a war measure but we all know here, as members of parliament, that the War Emergency Act, as well as the National Emergency Powers Act expires next March. Is it a fair question to ask you, that if we have the power to have that which both labour congresses want, a national labour code and national labour standards, if, for example, at a Dominion-Provincial conference, instead of worrying about money, they worried about labour and social service standards, if the government had that power, would you be then in favour of having national labour standards and a national labour code?—A. I will be very frank with you, Mr. Sinclair. I said to-day that I am a great believer in the power of decentralization; I think there is strength in decentralization in a country as large as we are. I think to centralize everything in this city—I do not think it is sound. That is my own view. I believe that the power and strength of the United States has been built around the fact that it has 48 states and a federal government. There is resiliency in that method of set-up, and I think this might be said, that the people who fashioned it builded better than they knew. I had a very practical experience of that when I was in Germany, when Hitler put over his revolution. Everything was centred in Berlin, the whole economy, banks, insurance companies, trade unions, and what have you. And when he had Berlin, he had the nation by the throat. And the same might be said of the comparatively simple economy in Russia where it was centred in Moscow and, at that time, Petrograd. When they grabbed those two cities, they had the nation. I believe, in a question of labour, that there are big national industries that could be best dealt with—and I am giving you a personal opinion now, of course—best dealt with by a national government; but I think you will agree with me, so far as your province is concerned, under normal peacetime economy—take the lumber industry, as big and as large as it is; that it is far better dealt with in British Columbia than 2,500 or 2,800 miles away; and when you go into labour relations or the ramifications of it—take for instance, we will say, in Alberta. If you had a milk wagon drivers' strike say in the City of Edmonton, I believe the best people to conciliate that dispute would be the government of Alberta. Under normal conditions, where you have free collective bargaining—which I myself hope we will have in the not very distant future, as soon as we get over this inflationary hump; I think that the instrument to have is a great, one organization in the centre to administer it with the smoothness with which it can be administered when the problem is broken down into its component parts. I think we render the service and I am not a perfect man; there are some people who would say they are perfect and everybody else is wrong but themselves. But I believe it is as we did in the last war—and this borders around your question—we made tremendous progress in the last war; it has often been said that suffering is the midwife of progress; and I believe, in this war, we made tremendous progress internally. We established a national labour code for the first time in our history; we and the provinces agreed on certain fundamental principles that went into that code. And let me say this, that none of these organizations appeared here to complain about the right to organize, as they might justifiably have done four years ago; I mean, that is guaranteed to them by law. - Now, as I say, we have established that national pattern. I think the code is a very good basis

for any provincial legislation dealing with their specific fields. It may be that, in some provinces, they may want to have an amendment that other provinces, in their judgment, would not give to them; but they are masters of their own destiny and they must make their own decisions. But in a country as vast as Canada we have differences in geography and climate. In British Columbia, you know, the climate enters into it and that it is very difficult, in my judgment, to have a national wage policy that could take into consideration all these variations that exist by the very nature of things in a country as vast as Canada.

The CHAIRMAN: It is now 10 o'clock.

Mr. SMITH: Would you apply those principles in your argument to Dominion taxation?

The CHAIRMAN: It is 10 o'clock, gentlemen, we will adjourn.

Mr. SINCLAIR: There is just one thing. Let me say that I do not agree with the minister on one thing. This is still one nation and we protect it by one tariff policy. As long as we have that, and as long as we in B.C. can only keep alive by ravishing our forests, gutting our mines and plundering our fisheries, we must have a national labour code.

The CHAIRMAN: It is 10 o'clock and we will now adjourn until to-morrow morning at 11.30.

Mr. ADAMSON: Are we finished with the Hon. Mr. Mitchell?

The CHAIRMAN: Yes; we have no witness to call, I understand, and I understand the steering committee will meet to-morrow at 10.30 in my room.

The committee adjourned at 10.00 p.m. to meet again to-morrow, Tuesday, August 13th at 11.30 a.m.

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Canada Industrial Relations Standing
Committee on 1946

(SESSION 1946
HOUSE OF COMMONS)

(STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 18

SATURDAY, AUGUST 10, 1946


WITNESSES:

Mr. Joseph MacKenzie, President, The United Rubber Workers of America.

Mr. George Burt, Director, Region 7, (UAW-CIO), Windsor, Ont.

Mr. C. S. Jackson, Canadian President, United Electrical Workers of America, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

SATURDAY, 10th August, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Vice-Chairman, Mr. Maybank, presided.

Members present: Messrs. Adamson, Archibald, Baker, Bentley, Belzile, Blackmore, Bourget, Case, Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Maybank, Merritt, MacInnis, McIvor, Mitchell, Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of counsel for the Committee.

From the copy previously supplied, the Printing Bureau was unable to reproduce the last page of a statement submitted on August 5, 1946, by The Steel Company of Canada, Limited. The said last page viz. a chart comparing Average Hourly Earnings vs. Cost of Living Index, appears now as Appendix A to this day's evidence.

Mr. Joseph MacKenzie was recalled for further questioning.

In the course of the examination of Mr. Mackenzie, Mr. MacInnis quoted from, and filed a copy of the report made by Judge J. C. A. Cameron, dated June 26, 1946, concerning wage rates, hours of labour, etc., as between various rubber manufacturing companies in the province of Ontario and their employees represented by the United Rubber Workers of America. (*See Appendix B to this day's evidence*).

Mr. MacKenzie retired.

Mr. George Burt, Director, Region 7, (UAW-CIO), Windsor, Ont., was called and sworn.

Mr. Burt was examined on the brief previously filed and which was printed as Appendix D to the evidence of August 8, 1946.

In the course of his examination Mr. Burt referred to, and the Committee ordered printed, a report, dated August 3, 1946, made by Industrial Disputes Commissioner, Magistrate J. A. Hanrahan, respecting a dispute between Brunner, Mond Canada, Limited, Amherstburg, Ont., and its employees. (*See Appendix C to this day's evidence*).

The Committee adjourned at 1 o'clock p.m., until 3.30 o'clock p.m. this day.

The Committee resumed at 3.30 o'clock p.m. The Vice-Chairman, Mr. Maybank, presided.

Members present: Messrs. Adamson, Archibald, Baker, Bentley, Belzile, Blackmore, Bourget, Case, Croll, Dechene, Gillis, Homuth, Johnston, Maybank, Merritt, MacInnis, McIvor, Mitchell, Skey, Smith (*Calgary West*).

In attendance: Mr. Lieff, of Counsel for the Committee.

Mr. George Burt was recalled, further examined, and retired.

Mr. C. S. Jackson, Canadian President, United Electrical Workers of America, Toronto, Ont., was called and sworn. He was examined respecting a brief printed as Appendix C to the evidence taken on August 8, 1946.

The Committee adjourned at 5.20 o'clock p.m., until Monday, August 12, at 11.30 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

August 10, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 a.m. The Vice-Chairman, Mr. R. Maybank, presided.

The VICE-CHAIRMAN: Order, gentlemen. I see a quorum.

Mr. GILLIS: Before we proceed with our regular order of business, Mr. Chairman, there is a question I should like to clarify in my mind. It has to do with the steel dispute. On August 3, I received a telegram from a gentleman by the name of Mr. J. E. Webber, Cost Department, Steel Company of Canada, advising that a lengthy telegram had been sent to the chairman of this committee to the effect that the proper figures were not being used by Mr. Hilton before this committee. I understand the steering committee has been dealing with this matter for a week or so, although we have not had any report here. I am advised that the Wartime Prices and Trade Board have placed auditors in the plant of the Steel Company of Canada, at Hamilton. What I should like to find out is if the steering committee has any report to make to us on that matter; or if the steering committee will, at its next meeting, consider the advisability of bringing Mr. Donald Gordon and Mr. Hilton back to this committee to advise us whether there were any discrepancies or otherwise in the figures presented to us as regards costs and so forth. I think we should have that information.

The VICE-CHAIRMAN: Mr. Gillis and gentlemen, I did not know, I might put it officially, about the telegram from Mr. Webber. I believe it came up in the steering committee but it was at a time when I was not there. But as I understand from members of the steering committee, that telegram was received by Mr. Lalonde and about the same time he heard from Mr. Gordon who had apparently been wired in a like manner and that Mr. Gordon immediately upon having this information given to him put in auditors, as Mr. Gillis has stated. Further, Mr. Gordon has stated that the auditors have not been able to make a check yet,—not a full check at any rate—owing to the difficulty of getting into the plant, but that from as much information as they could obtain short of a comprehensive survey, it would not appear to them that the criticism of Mr. Webber was well founded, but that they would not offer that as anything in the way of a final report, and would expand it just as soon as they could make fuller examination. So that is what I am told is the information before the steering committee on it up to date. I have not any doubt that, upon the suggestion you have made, the steering committee will consider it further at the next meeting, Mr. Gillis.

Now gentlemen, what is your view with regard to witnesses this morning? Mr. MacKenzie was on the stand last night. Shall we continue?

Mr. SMITH: I should like to call Mr. Burt. I think he is all ready to go next.

The VICE-CHAIRMAN: We have not formally concluded with Mr. MacKenzie. I do not know whether anybody else has any questions he desires to ask Mr. MacKenzie or not.

Mr. MACINNIS: I have one or two questions, Mr. Chairman.

The VICE-CHAIRMAN: Mr. MacInnis, you would like the examination of Mr. MacKenzie to continue?

Mr. MacINNIS: Yes.

The VICE-CHAIRMAN: Is Mr. MacKenzie here?

Mr. MacKENZIE: Yes.

Mr. J. A. MacKenzie, President, United Rubber Workers of America, recalled.

By Mr. MacInnis:

Q. Mr. MacKenzie, I have only a very few questions to ask you. You were questioned at great length last night and perhaps all the information was brought out that was necessary. I wish, however, to get a little more clarity on the point mentioned in your brief re the Minister of Labour's letter to the rubber workers, to the individuals. You mention in your brief that you objected to that letter. Did the strategy committee or the negotiating committee get a copy of that letter from the Minister of Labour?—A. Copies of all the letters that Mr. Mitchell had sent out were sent to my office about a week afterwards. I had a copy of every one that went out.

Q. Yes, that is right. But the particular letter that you are objecting to that went to the union members is the one I refer to. Did you get a copy of that letter before it was sent to the members?—A. No.

Q. You would not have any objection to the Minister of Labour writing your strategy committee in the tone of that letter?—A. None whatever.

Q. Your actual objection then, or perhaps I should put it this way—would this be the position that you object to the Minister of Labour going over the head of the union representatives to the union members?—A. That is correct.

Q. Yes.—A. I might say this, that all these letters of course had not exactly the same amount involved in them as the one referred to. The amount involved in them was not exactly the same as the one that was read here before the committee yesterday. One was as low as 4 cents wage increase because of previous adjustments made last March; and that meant that these people would only be getting a 4 cents wage adjustment out of it.

Q. Would you tell the committee the steps taken by your organization, if any, to try to negotiate with the management of the local companies?—A. Well, we approached the managements of each individual plant in October and November of last year; and at that time we endeavoured to get them to commence negotiation of general wage adjustments and other points that were negotiable at that time. The result of those efforts was that in the large majority of cases we were unable to get down to anything in the way of negotiations. In almost every case we were notified by the management that if Dominion Tire did it, maybe Goodyear would consider it; or somebody else like Firestone might say "If Goodrich does it, then you come back here and we will negotiate with you." As a result of that we were not able to get into any actual negotiations on any kind of offers from the companies. Following on that, after discussing the thing among ourselves, we came to the conclusion that the only way we could get results from them was to try to get them altogether in one bunch and see if they could not all arrive at a figure jointly with us. That resulted in a letter going out from the international union inviting them all to appear before us or with us and discuss the matter of getting down to a figure that would be acceptable. All of those suggestions of the union were rejected by the various companies. Following that, the strategy committee was established and that committee decided that they would recommend to the local unions that strike votes be taken because we could not get any results from the companies. **But up until the time** we went into negotiations before the commissioner we had no offers excepting

around 2 cents from the Dominion Tire and a little better than that from Merchants. I believe those were the only two offers of any kind that were made to the various negotiating committees up to then.

Q. Then it was not until after all reasonable efforts towards negotiating with the companies had failed that you took the strike vote?—A. From October until the strike votes were taken some time in March, I believe.

Q. On May 23, the Minister of Labour according to page 2 of your report appointed Judge J. C. A. Cameron as a commissioner under P.C. 4020?—A. That is correct.

Q. And was the commissioner able to get the companies to hold joint meetings with the representatives of the unions and himself?—A. The companies refused to meet in a group and sit down as a group of companies with a group of representatives of the union. They insisted on meeting each one individually. If you will notice in the brief we submitted here we state that as a result of the commissioner bringing them together there were seventeen different sets of negotiations or, at least, we met in seventeen different places on certain days in the city of Toronto.

Q. You are still willing to negotiate with each company separately?—A. We have been negotiating with these companies since the Cameron report came out.

Q. I have a copy of the Cameron report. If there is no objection a copy of this report could be filed as an exhibit.

The VICE-CHAIRMAN: What report is it?

Mr. MacINNIS: Judge Cameron's report.

The VICE-CHAIRMAN: Did you desire to file it?

Mr. MacINNIS: When I finish with it I will file it.

The VICE-CHAIRMAN: What I meant was did you desire to have it filed and become part of the record or filed as an exhibit?

Mr. MacINNIS: Filed as an exhibit.

The VICE-CHAIRMAN: How long is it?

Mr. MacINNIS: It is a fairly long report.

The VICE-CHAIRMAN: Unless any person has contrary ideas it will be filed as an exhibit as Mr. MacInnis suggests.

Mr. CROLL: I believe if it is filed as an exhibit we are not likely to see it whereas if it is on the record if we read the evidence we can see what it contains. I suggest it go on the record.

Mr. MacINNIS: That was just the Scotch coming out. I was thinking of saving a little expense to the government.

Hon. Mr. MITCHELL: To the taxpayer.

The VICE-CHAIRMAN: With a Scotchman trying to save and a Jew trying to spend I think we are quite sure to spend.

Mr. MacINNIS: The Scotchman is going to come out on the bad end, anyway. I have no objection to it going into the record.

The VICE-CHAIRMAN: I think you are out-scotched. I suggest it go in as an appendix to today's proceedings.

(Report of Judge Cameron, Appendix "B" to today's proceedings)

Mr. MacINNIS: Compared with other reports I have seen by judges I do not think it is a bad report outside of its recommendations on wages.

Mr. McIVOR: You mean you think it is a good report?

By Mr. MacInnis:

Q. There are two points that I wish to direct your attention to. On page 4 of the report the commissioner referred to the extreme rigidity with which the strategy committee regarded the seven point program. He says:—

The extreme rigidity with which the strategy committee regarded the seven point programme is seen in the case of one company which had negotiated a contract in February, 1946, and which resulted in substantial wage increases. The union stated that in spite of wage increases then given and after discussion of the seven point programme it still insisted that an additional 20 cents an hour should be granted by that company.

The question I wish to ask is you were still willing to continue negotiations with that company?—A. That is right.

Q. There is another part of this report that I wish to bring to your attention. I have brought out his criticism of the union and now I want to draw your attention to his criticism of the employing companies which bears out exactly the answers that Mr. MacKenzie gave to my questions just a moment ago. On page 5 he says:—

On the other hand, I think it is fair to say that some of the companies have not approached the negotiations in a realistic manner. The union's programme was presented to the companies as a basis for local negotiations more than six months ago.

Mr. SMITH: What page are you at?

Mr. MACINNIS: You have not got the Cameron report. I do not think you have the Cameron report.

The VICE-CHAIRMAN: It has not been distributed. You may not have it.

Mr. MACINNIS: I guess that is it. I am at page 5, the second paragraph. Oh, that is a different one. I want you to notice the union's programme was presented to the companies as a basis for local negotiations, and it was placed before the companies more than six months ago. Then the commissioner continues:—

—and in a number of cases concrete counter proposals were never made by management.

They just merely ignored the efforts of the union to negotiate an agreement.

The VICE-CHAIRMAN: Mr. MacInnis, are you making that as a statement or is that a question for the witness?

Mr. MACINNIS: I will ask the witness a question after I have read these next few lines in the commissioner's report.

I am satisfied that a more reasoned approach to the problems involved, rather than a mere rejection in toto of all the requests made, would at that stage have brought about satisfactory results on a plant basis in some cases.

By Mr. MacInnis:

Q. Would you say that is a correct summing up of your efforts to negotiate with the companies?—A. I think it is a very fair summing up of the position of the companies at the time Judge Cameron concluded the hearings.

Q. In view of the fact that two or three of your locals have already made agreements with companies had there been a willingness on the part of the companies to negotiate you would have reached other agreements?—A. I think it is possible. In the case of Dunlop where a settlement was made it has an open end wage clause that permits them to get any adjustment that might come

out of us establishing a higher pattern. I have not seen a copy yet of the settlement in the Viceroy plant which is mentioned in this brief. They have not submitted it to the international union for its approval.

Q. Last night Mr. Smith took issue with your proposal for shift differentials; is that what you call it?—A. Yes.

Q. That was recognized, was it not, in Judge Cameron's report? He made a recommendation for a certain amount for all shifts between 6 p.m. on one day and 6 a.m. on the next day?—A. That is correct.

By Mr. Croll:

Q. I have one question. Turning to page 8 of your brief you say:—

The average hourly rate for the American wage earner in the rubber industry is now \$1.34½. This compares with a Canadian average in February, 1946, of 72 cents.

That is a little different than the figures Mr. Conroy gave us, but those are correct, are they?—A. I believe Mr. Conroy's figures are most likely more accurate because at the time these figures were compiled it was while we were meeting with Judge Cameron, and to arrive at these figures in the submission we made to Judge Cameron originally we pointed out that the average was \$1.13 on a certain date plus 18½ cents the majority of our people had received would bring it up to approximately that \$1.34. These figures were not taken from any of the statistical journals.

Q. That is one of the bases of complaint. You say that a great number of these companies, almost all the companies with the exception of the three, are American controlled?—A. That is right.

Q. I just call your attention to the MacGregor report on international cartels. Tell me whether or not you agree with it. He makes the statement that 64 per cent of the rubber plants are American controlled. Do you agree with that?—A. I believe that would be correct.

Q. About correct; and that is the basis of your complaint against the big four, as you put it yesterday?—A. That is right.

Q. Have you seen Mr. Conroy's brief at all? Did you have the opportunity of reading it?—A. Yes.

Q. Do you agree with his observation about similar conditions existing in the plants of this country as exist in the United States?—A. I would say, very similar methods of operation and very similar work.

Q. Similar methods of operation and similar work, and the difference is in the wages?—A. That is right. There is one point I should like to bring out here with respect to that and that is the question of the sale price of tires here. The price of tires is approximately \$4 more for the 6/16, which is the ordinary motor car size; it is about \$4 more in Canada than it is there and yet wages are approximately 50 per cent of what they are paying in plants in the United States.

Q. Is that general for similar sorts of goods made by Goodyear or Dunlop in the United States as compared to this country?—A. The price in this country of similar things is approximately the same. On tires, which is a big item, the price does vary that much in the sale price of tires.

Q. What is the sale price of tires?—A. \$21.55 here and a little better than \$17 in the United States.

By Mr. Johnston:

Q. I have just one or two very short questions to ask you. The ground has been pretty well covered. There has been a good deal of discussion about this letter of Mr. Mitchell's. The main argument seems to have been centering around the point as to whether or not the minister was doing the proper thing

by sending out this letter, whether that was the proper approach. I am just wondering if you could tell us what effect that letter had on your membership?—A. Well, the general impression gathered by the members was that all we had to do as a result of that letter was to go to the management and say we will settle for the Cameron report, which was not the case. Actually, what the report was to us in negotiations was a top bargaining point to bargain down from. As far as the company was concerned, they would offer certain parts of the Cameron report. The impression our people got was that these plants were actually ready to accept the Cameron report. So far I believe only two have indicated their willingness to accept the Cameron report.

Q. That is not exactly an answer to my question. I wanted to know what the effect of receiving that letter had on the membership; that is to say, was there any disruption as the result of the sending of that letter between the negotiating committee and the membership; did it cause any friction between them and the bargaining agent; or, did your membership drop on you because you were not doing the proper thing?—A. No, they were not—

Q. Then, in effect, the sending out of the letter while it might not have been the proper thing for the minister to have done, the fact that he did send it did not have any effect on the membership in relation to the negotiating committee?—A. No; the membership did not, as you put it, jump on the local union executive board or the bargaining committee—while they had not accepted, the thing was already before them. You see, when they got that letter they had already seen the Cameron report and rejected it.

Q. So there was nothing detrimental in the fact that they received that letter. While it might not have been the right thing for the minister to do there really was no serious effect?—A. No.

Q. I was wondering, Mr. MacKenzie, if you could give us a comparison between the wages received by the rubber company and those paid by the steel company?—A. I am afraid I cannot answer that. I do not know.

Q. Is the general wage level equal to, greater than, or less than the general wage in the steel company?—A. I would say it would be lower.

Q. About how much?—A. Their hiring-in rate commences at about 65 cents—I am just guessing now—it is 64 or 65 cents; and the hiring-in rate in the best of our plants is 62 cents.

Q. How would your average be over all if you got this 20-cent increase?—A. If we got a 20-cent increase?

Q. Yes. Would that bring it up on a par with the steel workers?—A. It possibly would, the over-all average. The only plant in which we have the 62-cent hiring rate now is the Goodyear plant in Toronto.

Q. I did not get that.—A. The only plant where the hiring rate is 62 cents is Goodyear, Toronto. The others are below that.

Q. I am speaking of the over-all average.—A. Well, it would possibly bring us up to 70 cents on the over-all average.

Mr. CROLL: He does not understand your question, Mr. Johnston.

Mr. JOHNSTON: I think he does.

The CHAIRMAN: I think they are at one.

Mr. JOHNSTON: Yes.

Mr. CROLL: All right.

By Mr. Johnston:

Q. The point I was trying to get at is this: if the rubber workers received the rate they are now asking for it would bring them about in line—they might be a cent out one place or another—but it would bring them about to the scale of pay received by the steel workers.—A. As at present?

Q. Yes.—A. It would actually bring us a little higher than the steel workers.

Q. But if the steel workers got their fifteen cents?—A. We would still be in approximately the same relative position. There will be a differential there of a few cents below them.

Q. You are trying to bring the standard up about even in all branches of industry. Whether you are endeavouring to do that or not that would be the result?—A. That would be, yes.

Q. You are familiar with the term "down grading"?—A. Yes.

Q. Is there any of that going on in the rubber industry?—A. In one way there is. I have a letter. This deals with it in relation to productivity.

The VICE-CHAIRMAN: What is that letter, Mr. MacKenzie?

The WITNESS: This is from the factory manager of the Dominion Tire plant at Kitchener to the local bargaining committee there, on the matter of the dispute they had for not keeping wages in line with considerably more production. Greater production was being turned out and they were not getting the higher rate as the increased volume in production would seem to warrant. They are still getting the same rate as they were receiving when they produced less. Perhaps I should put it this way. They were producing 100 tires and got a dollar for that and now they were producing 110 and only getting a dollar for it.

Mr. JOHNSTON: They were not getting a corresponding increase comparable with the increase in production.

The VICE-CHAIRMAN: Just give the date of the letter for the record, please.

The WITNESS: It is dated March 25, 1946; to Mr. W. Campbell, President, Local 80; signed by Mr. R. D. Ross, Factory Manager; and in it he says: "The company contends that it is not obliged to set a standard which will maintain the high efficiencies which appear to have been maintained in the past year for the reason that these high efficiencies largely resulted from technological and processing improvements made by the company over the period." Now, there is no doubt that some of these increases in production came about as the result of technological improvements, but in many cases also as a result of increased efficiency on the part of the workers, and they are not getting a share of that increase.

Q. That would not be what is generally known by the term of "down grading". I can see your point very well in regard to the question of participating in the increased volume, but that would not be what is generally termed "down grading", would it?

The VICE-CHAIRMAN: You mean by down grading, do you not, a drop in a man's classification thus excusing a reduction in pay?

Mr. JOHNSTON: Exactly so. That is what is generally recognized by the term "down grading", and that is what I meant in my question to Mr. MacKenzie.

The VICE-CHAIRMAN: Did you understand that?

The WITNESS: No, I did not. I do not think we are faced with that in our industry.

Mr. JOHNSTON: That is something which sometimes prevails in some industries. That is one way of reducing wages.

The WITNESS: We have been faced with changes in position so that the job took a lower rate; or, at least, so a man took a lower rate for doing practically the same job. We haven't had it in our shop. Ours are for the most part on an efficiency set up, either piecework or some sort of efficiency system is in effect, and the rate is for the individual operation—there is a rate placed on each individual operation. As far as the individual is concerned, he may be working mostly on a certain type of tire and he may be able to make more money on that tire than he could make on another one. You would not call that down

grading, because the next day he had to work on a different tire. But, as the result of increased efficiency and productivity we are not getting the return for the amount of tires or other articles turned out that we feel we are entitled to.

Q. While there might be a change in occupation from one day to the other, it would result in a lower income to the individual for that day; I take it that there is not any practice of down-grading.—A. As an over-all picture, we have individual cases of it.

Q. To what extent is that? You mean what I mean by down-grading? I don't mean by a man changing from one type of tire on one day to another type of tire the next day; I do not mean that; I mean a deliberate attempt on the part of the company to reduce a man's wages by changing the occupation of the man so that he gets a smaller income.—A. In the Dunlop plant during the war there was a certain rate paid for certain tires made for the Department of Munitions and Supply and there was a certain amount paid for domestic tires; the rates on the government tires, the amount earned at least for producing government tires was higher than the rate earned for producing domestic tires.

Q. Why would that be?—A. We have asked that question before but we have not been able to find out either.

Q. To whom did you ask the question?—A. We asked the question of the company on numerous occasions. At one time we had an Industrial Co-operation Board set up at a time when there was an emergency demand for tires, about two years ago. The chairman of that board was, I think, Mr. Rutherford. There were two or three representatives of that group that made representation of the employers and our unions at that time. We brought it out before them that there was a difference in the rate paid. There might be some variation in the actual construction of the tire, but the boys could not notice it; but they did receive a higher rate when they were working on what are called war tires, than when they were working on domestic tires. As a result, in the end, when they were working on domestic tires, so there was a reduction there.

Q. At the lower rate?—A. That is right.

Q. And you got no satisfactory explanation from Mr. Rutherford?—A. It was not a commission, it was a group which just met to try to get us together working and cooperating in the emergency that existed at that time.

Q. I think it would be fair to say there was down-grading in that regard.—A. Yes,

And that there was unfair practice, something which should have been remedied but which was not remedied.

The Right Hon. Mr. HOWE: You are giving testimony, isn't that unfair?

Mr. JOHNSTON: Now that the Minister of Reconstruction is here, I think he might give us something there.

The VICE-CHAIRMAN: Just restrain yourself, Mr. Johnston, to questions.

Mr. JOHNSTON: I am just stating—

Right Hon. Mr. HOWE: He said a moment ago that he knew of no down-grading.

The VICE-CHAIRMAN: Just a moment, Mr. Howe; if you start making statements, you only get others making statements.

Mr. JOHNSTON: I am just following the practice.

The VICE-CHAIRMAN: I know; there has been some making of statements, but it generally turned into a question before it finished. Anyway, I know you will do your best to ask questions and not make statements.

Mr. JOHNSTON: I would be very pleased to apply your ruling and I know you will see that it is made applicable to all the members of the committee. I know that you won't take offence.

The VICE-CHAIRMAN: I won't take offence; I have no right to take offence. I am only the chairman of this committee trying to interpret the sense of this meeting.

Mr. JOHNSTON: I am only suggesting to the witness the practice of down-grading should not have been continued. The witness did say that there was very little, and I was trying to find out from him what that "very little" meant; and later on he did point out a specific case which he thought, in his opinion, was down-grading. At that point the Minister of Reconstruction interrupted and wanted a clarification, and he pointed out the point that was mentioned. I think it is a very important point, and if, in this instance, there was no down-grading, I think the Minister of Reconstruction probably could explain the difficulty to the satisfaction of the members of the committee, the unions, and the companies as well. Those are the only questions I have to ask.

The VICE-CHAIRMAN: Mr. Case has the floor.

By Mr. Case:

Q. Mr. Chairman, I have only two or three questions to ask Mr. MacKenzie. On page 2 of your brief you have set out the seven points which you seek to include in your wage adjustment, commencing with a general wage increase of 20 cents an hour with a 40 hour week; and you have set out seven points there, and as you have said, 20 cents per hour increase and a 40 hour week. I am not going to read them all, but my question is this: On page 6 you say:—

The American 18½ cent settlement was reached without any strikes by joint negotiations and embodied in one document signed by all parties on March 31, 1946.

Did the wage settlement in the United States embody, in the main, the points you have set forth, your seven points?—A. The original seven point program that was developed in the United States was not exactly identical to this. Their request was for 30 cents an hour and a 30-hour week. We changed ours to make it more in line with conditions as they exist in Canada.

Q. But they got a 40 hour week?—A. They were on 40 hours and they were asking for 30 hours; they are still on a 40 hour week.

Q. And they got an 18½ cent increase.—A. That is correct.

Q. You are using that as an indication that you should have consideration; then, it is 1½ cents higher than the United States rate?—A. We also stated that this thing was submitted as a basis for negotiations. The union in the United States submitted their program as a basis for negotiations and they got it to the 18½ cent point.

Q. You mentioned the Kaufman Rubber Company of Kitchener, when you were talking about the companies out on strike, that the Kaufman Rubber Company was not out on strike but that they should be. Why should they not be out on strike?—A. Each local union has autonomy to decide what it is going to do. The International Union cannot direct them to go out on strike and cannot direct them to return to work. Each local union decides that situation for itself.

Q. That is the principle accepted in your over-all union?—A. That is correct.

By Mr. Homuth:

Q. I wonder if Mr. MacKenzie could tell us whether or not there was a vote taken in the Kaufman plant?—A. There was a vote taken and they decided not to go out on strike. They took a strike vote back at the time we were dealing with the shoe brief, away last fall; they did not take a strike vote at the time of this particular issue, but they did meet together and decided that they were not going to take a strike vote and were not going to go out.

Q. You set out in page 2, your seven point program that was agreed to on October 7, 1945, in Kitchener; those two unions that settled, local 126, and local 132; that agreement had been negotiated since you submitted that program to the various companies?—A. That is correct.

Q. Do you mind telling the committee—do you care to tell the committee—on what basis they were settled as compared with your seven point program?—A. I think I stated in answer to a question by Mr. Croll here that Dunlop had settled. Last night I mentioned the fact that the wage adjustment was 7 cents with an open end wage clause that enabled them to negotiate. With respect to the Viceroy, I have not as yet seen the document that they agreed to in that local union.

Q. Have you any remarks to make about the 40-hour week? Is that in these two statements?—A. The 40-hour week? They got a 40-hour week, I understand, in the Viceroy on certain jobs; certain others got a 44-hour week or a 45-hour week. In some departments of the plant they did agree to a 40-hour week. In the Dunlop case there are already certain sections working 40 hours. I do not know the settlement of the hours question.

Q. How about the other clauses—4, 5, 6 and 7; what is the comparison in the settlement of your request?—A. I believe in 3—both of them have in 3 time and a half after eight hours. I am speaking now from memory. I do not recall exactly, but I believe both of them got time and a half after eight hours. They did not get time and a half for work performed on Saturday. The question of double time for work on Sundays and holidays I believe was settled on the basis of time and a half, but the question of pay for holidays differed in the two plants. As I said, in Dunlop's this was for further negotiation whenever any pattern is established that is considered a pattern for the industry. In Dunlop's they had two paid holidays, and I believe these two were to come this year. That is the basis of the settlement, and if anything further was developed in the department on paid legal holidays they could negotiate. In the case of the Viceroy it is similar. They settled on the basis of pay for three legal holidays that are left. I think they collected for Civic holiday and they went on further to Thanksgiving Day and Christmas, and if the pattern is established they are to get the other holidays.

Q. What about clause 7?—A. Clause 7. I believe Dunlop's have the premium, and I believe there was a slight variation in the premium in the Viceroy. I said in the Viceroy the premium was from 3—the two shifts were from 3 to 11 and 11 to 7 and they received 3 cents for each of those shifts and 5 cents for permanent night workers. In Dunlop's they already had 5 cents for permanent night workers and they did get something for the off-shift night work, but I do not know what it was.

Q. Last night Mr. Gillis suggested to you, and you agreed, that the members of your union are looking forward to this committee making specific recommendations as to hours, wages and so on, to parliament—that you hoped it would be done. You were expecting something like that to be done. That was your idea. Are you in a position to give assurance to this committee that after the exhaustive study it has made of all these problems as between the companies and the unions that if the committee made specific recommendations to parliament and they were passed that you and your unions would go to work on that basis?—A. Mr. Homuth, I do not think I said exactly what you quote me as having said. However, I think what I did say was this: we are hoping that this committee will bring forward something that will be acceptable to our people. Now, as far as I am concerned I cannot settle this thing. I explained to you a moment ago in answer to someone else's question that it is a decision made by the local union; but if this committee should decide to recommend some stated figure, say, as a basis for settlement of the dispute and it is acceptable to us certainly we will try to see that it is accepted by the people in the plants. But

that is the decision that they make. The other way I think this committee could help is in making some sort of recommendation that would assist us in securing reasonable wage adjustments with the companies, because I believe right now if we had been under free collective bargaining we could have negotiated a settlement in the wage dispute.

Q. Regardless of what this committee recommends, if they do recommend certain specific things regarding wages, hours and so on—regardless of this recommendation—if it is not satisfactory to you and your people certainly you are not going to accept it; you are going to remain on strike?—A. I think that is a rather unfair question in view of the fact that I have no idea what you might recommend as yet.

The VICE-CHAIRMAN: I do not think, Mr. MacKenzie, that you can charge Mr. Homuth with being unfair. He said regardless of any recommendation, and then he put his question. I do not think he was intending to be unfair to you.

Mr. HOMUTH: No, I was leading up. Of course, I disagree with the idea that this committee is going to make specific recommendations as to these matters. I do not think we were set up for that purpose.

The VICE-CHAIRMAN: Your question was quite in order. I was only trying to help Mr. MacKenzie.

Mr. HOMUTH: What Mr. Gillis asked Mr. MacKenzie last night left me with the impression that Mr. MacKenzie said that he and his associates, representatives of the union, expected specific recommendations from this committee. I want to know from Mr. MacKenzie if this committee, in its wisdom, after its exhaustive inquiry, made those recommendations whether the union was prepared to accept the result of the parliamentary committee?

The VICE-CHAIRMAN: Your question was quite in order. I was only trying to help the witness by showing that you were not trying to be unfair. I think you should know, Mr. MacKenzie, that Mr. Homuth was not trying to be unfair.

The WITNESS: I will withdraw the "unfair" part of it, but I will say this that I do not think I can answer the question and say I would be prepared to recommend something before I know what it is.

By Mr. McIvor:

Q. I shall not be long. Mr. MacKenzie, you have taken as your standard 20 cents an hour all across your organization; how did you come to that 20 cents?—A. We arrived at the 20 cents by figuring on the basis of what the adjustment in the United States meant in comparison to increases in their wages and we have averaged out our figure as our average rate was slightly below 80 cents an hour. That is what we estimated was the average throughout the entire industry, and it was based on the figures we arrived at for the tire section of the industry.

Q. I thought that increased prices, profits and cost of living had a good deal to do with it. I am pleased to hear you say you are willing to co-operate with the recommendation of this committee. I think it shows that you are willing to step down from 20 cents.

The VICE-CHAIRMAN: Is that a question, Mr. McIvor?

Mr. GILLIS: May I say what I was going to say before?

The VICE-CHAIRMAN: Mr. Skey has the floor, unless he wishes to yield to you.

Mr. GILLIS: With regard to the question asked by Mr. Homuth, he brought my name in. May I say that Mr. MacKenzie is in the same position with regard to his union as this committee is in relation to the cabinet of the government. We have no assurance our recommendation will be accepted.

By Mr. Skey:

Q. Mr. MacKenzie said a moment ago something which leads me to follow up his remarks: that under free collective bargaining they could have reached a settlement with the other companies. Now, as a preliminary to asking this question on this matter may I ask you, Mr. MacKenzie, whether you have been in the union movement for long?—A. Approximately ten years.

Q. You have done a lot of collective bargaining?—A. Yes.

Q. You have met a lot of employers?—A. Yes.

Q. Do you find the employers you are meeting in the rubber business are any different from the employers you have met previously to this particular time and situation?—A. I was involved only in negotiations in the rubber industry. I have been in the industry that period of time.

Q. Is there any different attitude on the part of the employers now than there was previously?—A. A difference now to what there was before the war?

Q. Yes.—A. Yes, I think there is. Might I explain it this way, that when we approached the companies to sit down and negotiate with them on the question of the seven-point program and the wage adjustment, the companies said to us, "What is the use of trying to negotiate a general wage adjustment at this time?" They said, "The government will not allow you to have it"; and they took the position there was no sense of negotiating, for one reason, because the government will not allow you to have a wage increase even if we agreed to it.

Q. You have answered by question. In a moment I was going to take you through the financial statement that your union had prepared with respect to the rubber companies and all the rest of it, but you have answered it now. I see that you agree with Mr. McMillan of the Algoma Steel Corporation when he said that the government had them in a strait-jacket and they were not able to negotiate as free agents.

By Mr. Lieff:

Q. Mr. MacKenzie, I should like to put a few questions in regard to the strike votes that were taken in these plants. Were strike votes taken in every one of these plants?—A. Yes.

Q. Were those votes taken by way of referendum or were they taken by show of hands, let us say, at the end of a meeting?—A. They were taken by secret ballot in accordance with the constitution of our organization.

Q. In every case?—A. In every case.

Q. Could you give me the figures in each of these plants, as to the membership of your union compared to the number of employees in the plant?—A. I could not begin to give you the accurate figures, but I should say approximately 1,000 in local 67; about the whole business in local 296. As to the Dominion Rubber, Tire Division, I do not know. I imagine there is about 1,100 there; maybe the whole 1,200 or very near it. B. F. Goodrich, 1,400—there would be around 1,000. Goodyear Tire and Rubber, Bowmanville, that would be 650. Goodyear Tire and Rubber, New Toronto, around 2,000. Local 118, Seiberling, about 250.

Mr. CROLL: You missed Hamilton.

By Mr. Lieff:

Q. Yes, you missed Hamilton.—A. I think around 1,000, at Firestone.

Q. Let us go back to Goodyear; there are 2,000 at Goodyear and 1,000 at Firestone.—A. Yes.

Q. How many at Seiberling?—A. Seiberling Rubber, Toronto, about 250.

Q. Gutta Percha?—A. Gutta Percha, around 1,000.

Q. And Barringham Rubber?—A. Barringham, I imagine around 100.

Q. Have you a record of the vote in each of those cases?—A. The local union has.

Q. Can you get those figures? For instance, in Merchants' Rubber you say you have 1,000 of the employees. How many voted? How many voted one way and how many voted the other? Can you get a table of that?—A. I believe it could be supplied.

Q. Will you let the committee have that, please?—A. Yes.

Q. All right.

The VICE-CHAIRMAN: Are there any questions?

By Hon. Mr. Mitchell:

Q. I should just like to ask a question, arising out of what Mr. Skey said, as to these submissions with respect to increased pay and working conditions. Were they ever submitted to the regional war labour board of Ontario, Mr. MacKenzie—A. In one case it was submitted—in the case of local 113, Firestone—and was rejected in toto.

Q. By the regional war labour board?—A. By the regional war labour board, with no reasons given.

Q. When was that done? Have you got the date?—A. The rejection was about the end of January, I believe. It was submitted by that local union to the regional war labour board.

By the Vice-Chairman:

Q. You mean 1946, do you not?—A. Yes; January, 1946.

Q. January, 1946?—A. Yes. A letter was addressed to the regional war labour board appealing for reconsideration of the case or to accept this as a request for permission to appeal to the national board. As yet we have received no reply on that.

By Hon. Mr. Mitchell:

Q. You wanted to appeal to the national board?—A. That is right.

Hon. Mr. MITCHELL: I took the inference, from Mr. Skey's question to you, that the government as such had intervened; but actually it was the regional war labour board of Ontario.

Mr. CROLL: No. What I understood him to say was that the industrialists said, "What is the use of negotiating with you? We cannot give you what you want in any event. The government will not let us."

Mr. SKEY: That is what I had in mind.

Mr. CROLL: That is what I understood.

The VICE-CHAIRMAN: That is what you meant.

Mr. SKEY: Yes. I was talking about the companies.

Mr. CROLL: Yes, not the board.

Hon. Mr. MITCHELL: How could you make a statement of that description until both sides had been before the tribunal? That is the enquiry I want to make of Mr. MacKenzie. You know that in labour negotiations, the mere fact that one side says one thing and one side says the other, is not a statement of fact until you have been before the constituted tribunal and pleaded your case.

By the Vice-Chairman:

Q. I think this is correct, is it not, that the companies made such and such a statement and that is all that you were intending to answer—that they said this to you?—A. That is right.

Q. That is all.—A. That was the attitude of the companies while we were in those preliminary negotiations before we got to the commissioners.

Mr. SKEY: To clear up this point, Mr. Chairman, the witness had previously testified that he found a difference in the attitude of the employers now as compared with what it was before the war.

The VICE-CHAIRMAN: Oh, yes. That is all a matter of record. Are there any other questions?

Mr. SMITH: Carried.

The VICE-CHAIRMAN: Thank you, Mr. MacKenzie; that is all. Gentlemen, who should be the next witness?

Mr. SMITH: I should like to call Mr. Burt. He is ready to go on.

The VICE-CHAIRMAN: You desire to call Mr. Burt?

Mr. SMITH: Yes.

The VICE-CHAIRMAN: Is it agreed that we call Mr. Burt now? Is there any objection to that?

Some Hon. MEMBERS: Agreed.

The VICE-CHAIRMAN: Then I will call Mr. Burt. Just before commencing with him, there is one thing I should like to ask the committee. There has been some little mixup. I think I must take some responsibility for it myself, although I did not intend to lead into it. It is in regard to adjournment, when we should meet and that sort of thing. If we do as we did last night and pass a motion to adjourn we could not after that time determine when we would meet. When the time comes to adjourn today it would be well if we had settled in advance by that time when the next meeting will be. Would it be understood now that when we adjourn at 1 o'clock we shall meet at 3.30 this afternoon.

Carried.

When the adjournment time comes there will be no need to make any comment about it.

Mr. ADAMSON: I should like to move further that we meet again at 8.30 tonight for the purpose of ending all our evidence this day, if possible, and that we sit until such time as the evidence is completed.

The VICE-CHAIRMAN: It has been regularly moved by Mr. Adamson that we determine now that we shall meet at 8.30 tonight.

Mr. HOMUTH: 3.30 and 8.30.

The VICE-CHAIRMAN: 3.30 is settled already.

Mr. BLACKMORE: In the light of what Mr. Mitchell said regarding his being back on Monday it looks to me as though it is completely impossible to finish the hearing today.

Hon. Mr. MITCHELL: I should like to say, too, that I have got a bill before the House of Commons and it is next on the agenda. I am waiting a call any minute to go into the House in connection with that bill. There is nothing I can do about it. It is decided, and I have got to go through with it. It is the Soldiers' Reinstatement in Civil Employment bill.

Mr. GILLIS: I will have to go in with you.

Hon. Mr. MITCHELL: May I say this to my good friend that I will be very glad to see you.

Mr. MACINNIS: We will be glad to see both of you go.

Hon. Mr. MITCHELL: Let us make it a round table; let us all go. If I may say this in a humorous way, this is the first time I have seen a conciliation board composed of 35 members. I think it should be a lesson, too.

The VICE-CHAIRMAN: Are there any further remarks on the motion of Mr. Adamson?

Mr. GILLIS: If I thought we could complete the evidence tonight I would be favourable to Mr. Adamson's motion, but I do not believe we can.

The VICE-CHAIRMAN: I do not think there is a chance in the world.

Mr. GILLIS: On the other hand, there are people connected with this committee who are not members of the House. There are the reporters. In my opinion Saturday afternoon and Saturday evening should be available to them to attend to some of their household obligations. I do not want to take the position we are going to come back here tonight at 8.30 and sit until 11 o'clock and bring these reporters back and others who are connected with the committee such as the press, unless we would be able to finish. I do not think we will be. I believe by 6 o'clock we can finish with Mr. Jackson and Mr. Burt. On Monday we will have to come back here for Mr. Mitchell. I am opposed to the motion that we conclude the hearing of evidence tonight.

The VICE-CHAIRMAN: Would you recommend asking the press to vote on it as to whether we should sit tonight?

Mr. McIVOR: I am opposed to it for another reason. Mr. MacInnis has to get ready for work tomorrow, and I think he should be free tonight.

Mr. MACINNIS: I have got to be in the House, anyway.

The VICE-CHAIRMAN: Are you ready for the question on Mr. Adamson's motion?

Mr. HOMUTH: Suppose we defer our decision on that until this afternoon and see what progress we make.

The VICE-CHAIRMAN: There is not any reason why we cannot if you desire to do so.

Mr. ADAMSON: That would be all right. My motion was that we should sit until such a time as the evidence is in even if it takes all night to do so.

Hon. Mr. MITCHELL: Let us be sensible about that. I have got a big department to administer besides this committee. We are just human. Probably my hon. friend has not got the responsibilities that some of the rest of us have. There is a limit to human endurance. Give us a chance to do some work outside this very important committee for a couple of hours this evening.

Mr. SMITH: Why not defer the whole thing? We are wasting time now.

The VICE-CHAIRMAN: Your colleague has a motion before the committee. What do you want done with it? Do you want to withdraw it or do you want to vote on it?

Some Hon. MEMBERS: Question.

The VICE-CHAIRMAN: Those in favour of the motion of Mr. Adamson which is that the committee will determine now to sit at 8.30 tonight. Those in favour? Opposed, if any? The motion is lost.

We are now ready to proceed with Mr. Burt. I have to make a telephone call. Will you take the chair for a few minutes, Mr. Croll?

(Mr. D. A. Croll, acting chairman, now presiding).

George Burt, Regional Director of United Auto Workers, called and sworn.

By Mr. Lieff:

Q. What is the nature of your office with the union?—A. I am the regional director of the union for Canada.

Q. Your brief I believe indicates that at the moment you have one strike called on?—A. No. We have strikes in the chemical industry and also in the automobile industry.

Q. You have a strike at the Chrysler plant, Local 195, involving some 3,300 people?—A. That is right.

Q. And you have one at Chatham, Local 127, involving 2,700?—A. That is right.

Q. And the Brunner Mond plant?—A. And the C.I.L.

Q. What, in a word, is the situation as between you and the company at the Chrysler plant; the lowest offer you made Chrysler and the lowest offer they made you on the rates of pay?—A. Our original demand on Chrysler was for 25 cents an hour increase, which was to meet the cut-back in hours suffered since the end of the war. I might say that the automobile industry has suffered considerably more in the matter of cut-backs in work than any other industry. During the war we were working 48 hours and now we are cut back to 40 hours.

Q. And you asked, how much?—A. Twenty-five cents an hour, to take care of the lost twelve hours pay.

Q. And that was reduced later down to, what?—A. That was reduced at the Chrysler plant to a demand for $18\frac{1}{2}$ cents an hour.

Q. What was the company's offer?—A. The company's offer, their last offer was a 6 cent an hour increase.

Q. So the difference is as between 6 cents and $18\frac{1}{2}$ cents?—A. That is correct.

Q. And the other problem you have there in addition to hours is vacation with pay?—A. Yes.

Q. What is the situation there?—A. The company agrees to pay us vacation on the basis of 2 per cent for those eligible for one week's vacation, that is people with a year and up to five years service with the company; and they offered us 4 per cent for employees with five or more seniority with the company. But the way it works in the auto industry is that it being a seasonal industry the annual pay we receive as the result of the seasonability means that we hardly get a fair week's pay for a vacation, where it has been the policy of the company to apply the vacation bonus plan which is in effect in the United States to the Canadian workers, if it is left out of the wage increase. The result is that we are asking for a straight week's pay of \$45 for those who have one to five year's seniority, and \$90 for those having five years or more seniority.

Q. Now then, you say in your brief that the pattern that will be set at the Chrysler plant will probably be the pattern that will be set with Ford and General Motors?—A. I might say that is a pious hope on the part of UAW.

Q. But you would like to see it taken that way anyway?—A. That is correct.

Q. As to the situation with respect to Ford and General Motors you do not have any wage agreement with them?—A. That is correct. It has not been the practice of our union to write wages into the agreement, particularly during the war as we had to go to the War Labour Board, although we have never had contracts with either Chrysler or Ford previous to the war. General Motors are the only plant we had any contract with up to 1939.

Q. With respect to Ford, what is the difference between you there?—A. Well, it is just about the same thing.

Q. And what was the company's last offer to you?—A. As far as Ford is concerned they offered us nine cents across the board, the same difficulty as we have at Chrysler is there at Ford with respect to vacations with pay.

Q. I suppose your last offer was $18\frac{1}{2}$ cents?—A. Our last offer was $18\frac{1}{2}$ cents.

Q. And, as to General Motors, was your last offer there $18\frac{1}{2}$ cents?—A. Yes. As far as we are concerned we have not receded from the original offer to General Motors, although their system is a little different. They are apparently on the Beddoe system.

Q. What is that?

The ACTING CHAIRMAN: That is a speed-up system.

Mr. LIEFF: That is what is known as a speed-up system.

The WITNESS: Yes. Thank you for the word there, Mr. Chairman, it is very applicable.

By Mr. Lieff:

Q. What did they offer?—A. Ten cents to the lower paid labourers; eight cents for the next classification; and seven cents for the next classification; and an increase in what we call the basic rate from which is computed your earned rate under the Beddoo system, which would give approximately ten cents an hour to all these employees under the Beddoo system.

Q. Getting down to vacation with pay with respect to General Motors, what is the position there?—A. Vacations with pay; General Motors also offered a percentage increase; 2 per cent for those eligible for the week's vacation; those who had been there a year and up to five—I should say up to three years' seniority—and 3 per cent for the employees with from three to five years' seniority, and 4 per cent for those over five years.

Mr. SMITH: Three per cent, of what?

The WITNESS: Their annual earnings.

By Mr. Lieff:

Q. So the situation with respect to the demand there is approximately the same as it is in Chrysler?—A. Yes.

Q. Now then, I should like to go on to the other contracts there with Brunner-Mond and C.I.L. I would like you to tell the differences there between you.—A. In the case of Brunner-Mond, I might say we have had a commissioner appointed by the Minister of Labour who has now made his report, and it is quite evident from his report—

Q. Who was he?—A. Magistrate Hanrahan of the City of Windsor.

Mr. SMITH: A lawyer, I suppose, is he?

The WITNESS: Mr. Hanrahan has been completely unsuccessful in resolving this dispute which centres around the question of union security and increased wages. I might say that on page 3 of the Hanrahan report—we haven't enough copies to go around, it is a very interesting document—the company indicates there that they were not prepared to accept any form of union security. This company operates in Canada through an absentee management in the United States, in the city of Syracuse, New York; and it was very evident during the hearings before the commission that the policy was being formed in Syracuse so far as union security and wages were concerned. That is the evidence in the report of Mr. Hanrahan; and he found it necessary to contact the people in Syracuse so that he might find out from them directly that they were prepared to move in the direction of increased wages and union security.

Mr. SMITH: I suppose, Mr. Chairman, while the witness is looking up his papers, this report should go into the record as an appendix?

The ACTING CHAIRMAN: Is that satisfactory to the committee, to have it go in as an appendix?

Agreed. (See Appendix C).

The WITNESS: I would like to say that we are also accused—there seems to be a general accusation by employers that a few of the union leaders at the top are controlling the unions, advocating strike action and so on.

By Mr. Lieff:

Q. I don't want to stop you there, witness, but I wonder if we could get down to the wage rate and vacations with pay; and you can go on to that after I am through. I just want to keep a bit of order in the record. We can come back to that.—A. As far as wage offers in Brunner-Mond are concerned, they have not offered us anything yet, and up until the time the strike took place.

Q. What is the basic rate there?—A. The basic rate at Brunner-Mond is 61 cents an hour.

Q. What is it with C.I.L.?—A. Seventy cents an hour.

Q. What are you looking for in both cases?—A. A blanket increase of 25 cents an hour.

Q. Twenty-five cents an hour or \$2 a day?—A. That's right.

Q. And union security?—A. And union security.

Q. What are you asking for there, the Rand formula?—A. Yes; it has been accepted by about eleven plants now, since the Ford strike.

Q. With respect to the other companies, what about General Motors; are they prepared to accept the Rand formula, and what about Chryslers?—A. Chryslers are going to accept the report of the conciliation board, steered by Mr. Brockington, which recommended the Rand formula.

Q. What about General Motors?—A. We already have a form of union security at General Motors.

Q. That is not an issue.—A. No, not at this time.

Mr. LIEFF: That is all I have to ask the witness.

By Mr. Gillis:

Q. Mr. Burt, would you say that the companies in the automobile industry can afford to pay the wage increases that you request without increasing the price of their product?—A. Yes, there is no doubt about the ability of these companies to pay, certainly as far as the automobile industry is concerned. They have, in a round about way, received a very substantial price increase which, I think, any member of the committee would know if he priced a 1939 new automobile compared to a 1946 new automobile. A splendid indication of that is included in my brief.

By Mr. Johnston:

Q. Would you just read that section of your brief; I think it is on page 8.—A. We used Chryslers as an example. We have had considerable difficulty in getting the figures from Chrysler because we only have what I consider a dummy charter in Canada, so it is pretty hard to break down the figures. I cannot say that these figures are absolutely correct, although, during the negotiations, the company did not deny or confirm the accuracy of them. I am reading now from page 6:—

The Chrysler Corporation issues a separate income account and balance sheet in which all its foreign subsidiaries are combined. Thus it must be remembered that the following includes not only the Canadian company, but also the Canadian sales agency, and the Dodge plant of Great Britain. For the purpose of simplification, however, it will be referred to as the "Canadian Chrysler Company".

Net sales of Chrysler Canada rose sharply between 1942 and 1943—from \$66,617,346 to \$105,186,104—an increase of 58 per cent. Profits after taxes rose 51 per cent over the 1942 level—from \$1,539,794 in 1942, to \$2,321,405. This is a considerable increase for one year, especially since 1942 profits were already at high levels.

The 1943 profits, in fact, represented a rate of return of 17 per cent on net worth. In other words, for every dollar owned by stockholders, the

corporation earned 17 cents in 1943. How high such a rate of return actually is may be seen from the fact that the average rate of return for all U.S. corporations that year was 9·8 per cent, or 9·8 cents on the dollar.

Another indication of the corporation's profitability may be seen from the fact that earned surplus rose from \$9,222,129 in 1942 to \$11,543,534 in 1943. Earned surplus represents profits retained in the corporation after payment of all dividends.

Total assets decreased between 1942 and 1943, largely because the corporation's cash on hand declined. However, total current assets as of the end of 1943 were \$41,345,044, as compared to total current liabilities of \$30,799,325. This was sufficient for the company to meet all current obligations and still have a working capital account of \$10,545,720.

I do not see the necessity for reading the figures which are already in the brief, but I would like to refer you, also, to the way the company received an increase in price.

Q. On page 8—A. I think it is on page 9 we refer to Ford, and the same thing applies to Chrysler; they got these increases.

By Mr. Lieff:

Q. What about General Motors?—A. They are all in the same box. They obtained this increase in price through a reduction in the excise tax. You remember in 1940; I think it is our opinion that the government wanted the automobile industry to go into war production. The automobile industry wanted to keep on making automobiles for domestic purposes. At that time the government saw fit to raise the 5 per cent excise tax to 25 per cent on an amount up to \$900, and 40 per cent from \$900 to \$1,200; and 80 per cent from \$1,200 up; so that the fellow buying the Cadillac—if he could afford to buy a Cadillac—would probably have to do with a Chevrolet. Then, in May, 1945, they reduced that excise tax to 10 per cent, but they did not reduce the selling price of the automobile; in fact, in addition to getting the benefit of that excise tax, they gave them an extra \$28 to play around with. Now we find that the spare tire on the car is extra. I was surprised when Mr. MacKenzie said that the price of the tire was \$21 and something. The company did not deny the correctness of the figures. We found it very strange that there should be such a big difference in the price of the 1939 car as compared to the 1946 car. We did not think about the excise tax at first, and in negotiations with the company we asked them what made the big difference. They said there were more cars in 1946 than there were in 1939; but when you look at the figures, you can easily see there are not that many more cars, and the fact is that they were given a reduction in the excise tax. Even before that reduction, it is our opinion that these three companies, General Motors, Chrysler, and Ford, can afford to pay the 25 cent figure that we asked for.

By Mr. Gillis:

Q. So there is no necessity for approaching the Wartime Prices and Trade Board about it?—A. No, I do not think so.

Q. You say in your brief that real wages are back to the level of 1939. Could you tell us how you arrive at this statement?—A. According to government figures, the average weekly wage for the auto industry is \$38.50, May 1, 1946. In 1939, the average weekly wage was approximately \$28. This shows an increase of \$10.50 a week or 35 per cent. We conducted a survey in the Windsor area and in the Oshawa area—which are automobile areas—and our survey of the cost of living shows an increase of at least 35 per cent since 1939—a 27 per cent rise in prices in the Windsor area and approximately an extra 10 per cent in quality,

deterioration and substitution of high price lines for low price lines. The rise in the cost of living has practically cancelled the increase in the weekly wage rates.

By Mr. Case:

Q. Are you reading that?—A. No, I am not. I am giving you some of the figures we have prepared, because we have been sitting here for two weeks waiting for our opportunity, and these questions have been asked so often that we decided that the best thing for us to do would be to prepare an answer.

By Mr. Gillis:

Q. You are trying to maintain the take-home pay you had during the war?—A. That is all.

Q. Actually, you are not asking for any increase at all?—A. It will result in no increase actually.

Mr. HOMUTH: Now, now.

Mr. GILLIS: After I have finished you can talk.

The VICE CHAIRMAN: After all, Mr. Gillis has the right to give evidence; he cannot change now.

By Mr. Gillis:

Q. Your demands are for a basic rate of \$7 a day?—A. \$7 a day?

Q. Yes.—A. An increase of \$2 a day is what we are asking for.

Q. I inferred from your brief that the figure you are striking for today—that \$2 will bring your basic rate up to \$7 a day?—A. That is approximately correct.

Q. How do you arrive at that figure?—A. Do you mean the \$2 a day?

Q. Yes.—A. Well, it was based partly on the ability of the industry to pay, but more importantly, on the fall in real wages since the end of the war. Even government figures show a cut in money wages of \$4 a week since May 1945, due mainly to a reduction in the hours of work. Since May 1945, prices have increased nearly 7 per cent (according to D.B.S. cost-of-living index) and according to evidence presented here, prices will continue to rise because of recent adjustments made by the Wartime Prices and Trade Board. Allowing for a further 3 per cent rise in prices, this means a further cut of \$4.50 in weekly take-home pay. The cut in take-home pay due to reduced hours of work and a higher cost of living amounts to at least \$10 a week. On a 40-hour week that is 25 cents an hour. That is making an allowance of \$4 that D.B.S. say it has gone up—the \$4 which was the cut in our real wages which is admitted in the government figures, and \$4.50 as far as the cost of living is concerned.

Q. Would you agree with Mr. Gordon's evidence?

The VICE CHAIRMAN: Mr. Gillis, if you do not mind me interrupting you, may I say that you can hardly ask your question and get an answer before 1 o'clock; therefore I suggest that we adjourn now until 3.30.

The committee adjourned to meet again at 3.30 o'clock p.m.

AFTERNOON SESSION

—The Committee resumed at 3.30 o'clock p.m.

The VICE-CHAIRMAN: Gentlemen, we have a quorum. Mr. Burt was being examined by Mr. Gillis.

By Mr. Gillis:

Q. Mr. Burt, when the committee rose you were pointing out in answer to a question by myself that \$2 a day of an increase in wages was necessary in

your industry in order to maintain the take-home pay, and a large portion of that take-home pay was taken from your membership due to the increase in the cost of living and to some extent in reduction in hours. Now, following that up, you would not agree with Mr. Gordon's evidence before this committee that an increase in wages of more than 10 per cent per hour would cause an inflationary raise, would you?—A. No, I do not agree with Mr. Gordon on that score. I might say that this is a question that has been asked, I believe, of every witness on the stand, and we have prepared an answer, and I would like to read the answer we have prepared:

In our industry, it would not be necessary to increase prices if wages were increased \$2 a day. Price increases have already been allowed; profits have been very high; and labour cost is only a small percentage of total unit cost in the industry; with new plant equipment and machinery, the productivity of the worker has gone up since 1939.

As for prices generally our union maintains that prices must not rise if all the controls are operated. This committee must be impressed with the experience of controlling prices during the war when half our total output was for war purposes.

Mr. BLACKMORE: May I suggest that the witness read more slowly?

The WITNESS: During the war, price control was based on controls over production and distribution. A system of priorities and production schedules for both war and civilian industries, ensured a smooth place from raw materials to the finished product. Inventory controls prevented hoarding and the bidding up of prices. The Excess Profits Tax and a high corporation income tax stabilized the spending power of business. "Sharing the squeeze" and a program of simplification and standardization reduced inefficiency in industry and wasteful methods of distribution and to offset unavoidable rising costs, subsidies were paid in the case of necessities. Rationing insured a better distribution. The operation of all these controls, including fiscal measures, succeeded in stabilizing prices and the cost of living.

Since V-E Day, however, many of these controls were dropped. Business enterprise refused to operate under many of these controls. The scheduling of production ceased; in most cases, inventory controls were lifted; the reduction of waste and inefficiency through simplification and standardization was quietly dropped; subsidies were drastically reduced. With the lifting of these controls, inflationary pressures spread from the producer's market to retail prices. And the high rate of profit earned during the war was maintained by raising prices. Liberal tax concessions were allowed to encourage business to produce. While these controls were eased or lifted entirely, wage control was rigidly maintained and real wages fell.

Our union takes the position that price control with all its implications for Canadian business, must be maintained. Mr. Gordon is now facing enormous difficulties because these controls were lifted before full production was achieved. Full production and full employment can only be achieved with price controls and decent living standards for the Canadian worker.

That is our answer to that question.

Mr. CASE: Mr. Chairman, on a point of order, I notice that Mr. Gillis is questioning the witness, and apparently he has the answers before him, printed answers, and he is watching the witness while he is giving the answers. Now, are the answers not available for everyone, or is there some preference?

The VICE-CHAIRMAN: I do not think, Mr. Case, that your point of order is well taken. There is no prohibition upon a member of this committee getting information first from any witness and then asking a question which would bring that information out. The Scotch call that precognition, and it is quite permissible. You are quite in order, Mr. Gillis.

Mr. GILLIS: Thank you, sir. I had no intention of arguing the point. These gentlemen were not permitted to read their briefs to this committee—

The VICE-CHAIRMAN: You are quite in order, proceed.

Mr. GILLIS: Certain pertinent parts of those briefs I think should be on the record by way of questions and I am bringing them out. I agree with Mr. Burt on that particular question.

By Mr. Gillis:

Q. The point is, I think, that in as far as expansion is concerned it has been promoted already by government agencies, and your union is merely trying to catch up now to the cost of living in order to maintain standards established during the war?—A. That is correct. We subscribe to what Mr. Conroy says. In fact, our presentation here is merely a restatement of Mr. Conroy's brief. Particularly we subscribe to that part of Mr. Conroy's remarks where he states that without wage increases the cost of living has risen. We say that inflation can be caused in the producers' market; it is reflected in the consumers' market; but it can be caused by lifting other controls. You are only going to maintain the control of wages and the control of consumers' prices and allow manufacturers to compete for them and bid on raw materials without control. It seems to me and to our union that that is one of the bases for inflation. Actually that is the substance of Mr. Conroy's remarks, because it is certainly evident to this committee that there has not been such a terrific increase in wages since the end of the war, and yet the cost of living has gone up.

Q. I am going to get away from the regular economic summing up. I want to ask you a question about the chemical industry. It seems to me that the main difficulty in the chemical plants in Windsor arises from the refusal of two companies to grant the union some form of security. Would you agree to state your views on this question and any other issue in dispute between the union and the chemical companies? According to Donald Gordon's evidence before this committee, the chemical strike is crippling Canadian industry perhaps more seriously than the steel strike.—A. I think that is correct. It seems to me that on the question of union security particularly you have to recognize the psychology of the workers in the Windsor area. They have established union security in the majority of industries in Windsor, partly during the Ford strike and partly prior to the Ford strike. I should like to read into the record at this time the number of companies in that area that have subscribed to the principle of union security, both before and since the Ford strike.

By Mr. Croll:

Q. Do you mean the Rand formula?—A. I mean union security.

Q. The different places and what they have?—A. Yes. The following companies have the Rand formula or check-off. Ford Motor Company of Canada, Rand formula; Auto Specialties, Ltd., Rand formula; Gar Wood, union shop and check-off; L. A. Young, Rand formula; Windsor Bedding, union shop; Dominion Forge, Rand formula; Detroit and Windsor Tunnels Corporation, union shop and check-off.

By Mr. Homuth:

Q. Is that the revocable check-off?—A. No. When it comes with the Rand formula, it is the compulsory check-off applicable to all of the people in the bargaining unit.

By Mr. Croll:

Q. You said, "union shop and check-off"?—A. Union shop and check-off; that is, of course, compulsory both as to membership and check-off. Continuing:

the Calvert Distillers—I might say they are right next door to the Brunner Mond plant—have the union shop; British American Breweries, also have the union shop. Purity Dairy have maintenance of membership and check-off; Peerless Dairy the same. Northern Crane, union shop and check-off. Then, these are companies who have agreed to union security which is not yet in effect: Chrysler Corporation of Canada has agreed to the Rand formula; Motor Products agreed to the Rand formula; Kelsey Wheel, Rand formula; Godfreson, Rand formula; McCord Radiators, Rand formula; Colonial Tool, Rand formula.

By Mr. Johnston:

Q. You mean they have agreed to it?—A. Yes. We have not signed a contract as yet because we are still negotiating wages.

Q. Yes. Continue.—A. Truscon Steel, Rand formula; Backstay Standard, Rand formula; Champion Spark Plug, Rand formula; Canadian Steel, Rand formula; Eaton Wilcox, Rand formula; Bendix Eclipse, Rand formula; and Walker Metal Products, Rand formula.

By Mr. Croll:

Q. Did you say Canadian Steel?—A. Canadian Steel.

By Mr. Gillis:

Q. Your whole district is pretty well unionized with some form of union security, with the exception of the chemical industry?—A. That is correct.

Q. I suppose you followed out the provisions of P.C. 1003?—A. I beg your pardon?

Q. You followed out the government legislation?—A. Yes. In the case of the chemical industry, we have been negotiating in Brunner Mond since October when our agreement came up for revision and as is reported by Mr. Justice Hanrahan.

By the Vice-Chairman:

Q. Magistrate Hanrahan.—A. I keep referring to him as Mr. Justice Hanrahan; I mean Commissioner Hanrahan. Delay certainly took place in those negotiations from last October until this summer. We tried to negotiate satisfactory amendments to the contract, including satisfactory wage increases. As far as union security is concerned, Brunner Mond has stated through their counsel, Mr. J. B. Aylesworth, that they will not agree to any form of union security, even though they are surrounded by it in that area.

By Mr. Croll:

Q. He has said that before, has he not? And he has had to eat his own words, has he not?—A. Well, it is a suggestion yes.

Mr. HOMUTH: I did not hear that.

The WITNESS: I might say that Mr. Aylesworth as counsel for these companies, was counsel for the Ford Motor Company where of course the company had to agree through him to union security. Mr. Aylesworth is counsel for the Chrysler Corporation and sometimes I guess it is necessary in deliberating on the question of union security for him to run hot and cold as he used to do in one company and will be required almost to argue in favour of it if it is a proposal by the company. In the case of Brunner Mond he would be required, I suppose as a good lawyer is sometimes required, to change his position and argue against it; and on behalf of the Brunner Mond Company he of course did argue against union security.

By Mr. Gillis:

Q. I fancy that company is in rather a weak position to oppose something that is pretty well established by legislation in this country, thus tying up one of the most essential industries?—A. That is correct.

Q. I am just expressing an opinion. I will just refer to one last thing. I should like to know what you expected from this committee when you came here. You came here as a last resort. Is it your hope that this committee would take some definite action with regard to bringing in some recommendation to the government along the line of your memoranda for the settlement of this thing and follow through with some recommendation for some changes in the present labour situation to avoid a repetition of what you are going through today?—A. Yes. I think that is the only hope we have at this moment, and I will tell you why. The companies that have employees on strike today are sitting pat waiting for something. Usually during a strike situation it is quite easy to enter negotiations; or if you cannot enter negotiations, then we get hold of the Department of Labour to send in somebody to bring the parties around the council table. Because of the establishment of this committee, that is not going on in most of the striking industries today. It seems to me that we are depending on some recommendation coming out of this committee; and I think that in some respects the companies are depending on some recommendation coming out of this committee. Certainly a company such as Brunner Mond which has offered us 10 cents an hour increase, with no union security, cannot go above 10 cents when you have statements from the Minister of Labour and such statements as have been given to the public press in this committee by Mr. Gordon. So our negotiations at home at the scene of the strike action are practically at a standstill. Take Brunner Mond, for instance. The Brunner Mond company told our committee if the dominion government would establish a pattern of 18 cents an hour, they would pay the pattern because the ability to pay did not enter into it as far as they were concerned. I have a statement by the president of the local union where he had contacted the management of that company, and Mr. Zimmer, the manager, said "We will pay 18 cents an hour when the federal government establishes a pattern," or "we will pay the full amount of the pattern."

By Mr. Johnston:

Q. Will you read that statement?—A. Yes, I can read the statement.

Mr. CROLL: That is very important.

The WITNESS: This is a report of the president of local 89, U.A.W.-C.I.O.

By Mr. Croll:

Q. Give us the pertinent part.—A. The pertinent part is the one I will read. It is headed, "Wage Increase" and reads:—

February 27, 1946, this local wrote the company requesting a \$2 per day increase in pay. The company replied giving a million and one excuses why they could not grant our request. One of the reasons was that the reduction in income tax could be considered by the employees as an increase.

That is a new one. Continuing:—

Some three weeks ago I personally contacted Mr. Zimmer and asked him if his answer on wage increase was to be considered as final. He assured me that it definitely was not as he had contacted the big boss in Syracuse and was told that as soon as the dominion government had set a pattern comparable to the U.S.A. they, the company, would be prepared to go along with it if it did not exceed 18 cents per hour. I contacted him on another occasion, this time in the presence of Mr. Mitchell—

The Mr. Mitchell in this case is the superintendent in the plant.

—and he repeated his first assertion. I told him on this occasion that the Local wished to speak with him to negotiate wage increases during the

week of July 4, 1946. He then told me he had planned his vacation for that week, but he would leave Mr. J. R. Heard to act on his behalf.

A letter was drafted by the Local Secretary and placed in his hands on the morning of June 28, asking to go ahead with these negotiations on July 4. He left this to Mr. Heard and proceeded as scheduled on his long needed vacation. Monday, July 1 I tried to contact Mr. Heard to have him confirm the date and learned that he had gone on a trip, not to return until Wednesday, July 3. Before leaving the above had not made an attempt to answer the letter received from the Local. On being informed that Mr. Mitchell had been left in charge during the absence of both Mr. Zimmer and Mr. Heard, I immediately contacted him and he informed me that he had no knowledge as to Mr. Heard's intentions, as far as the wage question was concerned. He talked to Mr. Heard in Syracuse and reported to me that Mr. Heard would have an answer to our letter ready on Thursday, July 4, I informed Mr. Mitchell that the answer must be delivered to the Union secretary to be handed over to the negotiating committee as it was their concern and not the concern of the president alone.

The letter was received at approximately 11 a.m. July 4, 1946, which stated that owing to the absence of Mr. Zimmer and Mr. Dickson the company's counsel, the company advised that the meeting be deferred to the week of July 15, 1946. After being stalled off in our negotiations on our contract and some two or three clear cut grievances, I feel that I am justified to authorize Local 89 members to take the necessary action to settle everything.

That is signed by the president of the local union, Local 89.

By the Vice-Chairman:

Q. Just before we go on to whom is it addressed and what is its date?

—A. It is addressed to the membership of Local 89, Brunner Mond, a statement from your president, and the date is July 4, 1946.

By Mr. Homuth:

Q. How long was he away on holidays?—A. I do not know. As far as I know he is away yet, because an answer has not been given.

By Mr. Case:

Q. Who signed the letter?—A. The president of the local union.

Q. What is his name?—A. I will get it in a minute; McCarron.

By Mr. MacInnis:

Q. While the Brunner Mond firm is being mentioned I find I have a copy of a report on Brunner Mond by Magistrate J. A. Hanrahan to the Hon. Humphrey Mitchell, Minister of Labour, Ottawa, August 1, 1946. I imagine that all members of the committee have this report. I was wondering who left it on our desks?—A. I did.

Mr. MACINNIS: I think we should have this report identified by the Minister of Labour, and I think it should be read into the record.

Mr. CROLL: It is. I put it in this morning.

Mr. MACINNIS: I am sorry, but I was not here.

The VICE-CHAIRMAN: Just a moment.

Mr. CROLL: While you were absent I put it on the record.

The VICE-CHAIRMAN: Oh, I see, because I did not personally remember it. You are not mixing it with the Cameron report?

Mr. CROLL: No. Mr. Leiff put it in.

By Mr. Case:

Q. Mr. Burt, this morning you commenced a voluntary statement in which you began using words something like this, that certain people accused the unions, and so on. I do not know just what it was, but counsel interrupted you and said you would be given an opportunity to present that later.—A. Yes.

Q. Would you like to go along with that now?—A. Yes, I certainly would. I should like to get a copy of that Hanrahan report. That is not the one. There is a final report.

By Mr. MacInnis:

Q. Cameron report?—A. You have a preliminary report. Since that time yesterday we received copies and they are now in the paper of the final report on the Brunner Mond company. I would be very glad to answer the question you asked.

Q. Is that the same Magistrate Hanrahan?—A. Mr. Aylesworth, on behalf of the company, said on page 6 of the Hanrahan report—that report is dated—no it is not dated. I might say I was only able to get nine copies of the report as it has just been released from the department. That was the best I could do on such short notice. I quote from page 6:—

Mr. Aylesworth deplored the situation where a few officials of the union in high places should be able to decide what will or will not be accepted as a settlement of current disputes that involve such a local with which Brunner Mond has a collective bargaining agreement.

I should like to give you the answer of the commissioner.

Mr. LIEFF: Just while he is looking for that, it will go in as an appendix. (Appendix "C").

The WITNESS: The commissioner says on page 11:—

After considerable effort, and in a considerable spirit of co-operation, the negotiating committee of employees and Mr. Gerard Foley, international representative of the U.A.W.-C.I.O., first through the policy committee and then at a special general meeting of members called yesterday for that purpose, obtained permission for me to submit the following offer to the company, that upon the company consenting to negotiate in an effort to reach an amicable solution a sufficient number of employees required to relight and maintain important lime kilns at present cold would return to work. In the minds of workers this is a concession comparable to relighting furnaces at Ford's during that strike. Immediate start on reconditioning these important units would bring ultimate commencement of production ten days closer. The company through their counsel, Mr. J. B. Aylesworth, K.C., has rejected the offer with a resolute "no".

The part I want to bring to your attention about the union officials is when Magistrate Hanrahan inquired as to the statement of Mr. Aylesworth with regard to the top officials running the whole shebang. He asked the committee, and that is the rank and file committee of the plant, if Mr. Aylesworth's statement was correct, that this strike was sponsored and carried out by a group of radicals. He canvassed the service of our negotiating committee. The average term of service in that committee was 24 years. I think 29 years was the top man and 23 or 22 years was the lowest man, and the average term of service was 24 years with that company.

By Mr. Smith:

Q. 23, was it not?—A. I may be out a year. If we are here much longer I think maybe that year could be written in there.

By Mr. Case:

Q. What you say then is that you do not agree with what Mr. Aylesworth said on page 6 and you have submitted testimony to refute what he said that there was any possibility of the union as a national organization instituting strikes that might in any sense endanger the national economy; that is, they would not be a complete total strike?—A. In our constitution we have to take a vote and we have to get a two-thirds majority of all members eligible to vote. I do not think there are hardly any employees in this plant who are not members of the union.

Q. You do not feel then there is any move on at the present time to bring about a general strike in Canada?—A. No, definitely not. There is no move on foot at all.

Q. Mr. Chairman, with your permission I would like to read from the Owen Sound *Daily Sun-Times*, dated Thursday, August 8. This is a Canadian Press despatch. The date line is Hamilton, August 8. It says thus:—

The VICE-CHAIRMAN: Just a moment. You mean you are reading this to make it part of the question?

Mr. CASE: Into the record so I may ask Mr. Burt for his opinion.

The VICE-CHAIRMAN: Oh, that is all right.

Mr. CASE: It reads:—

MORE STRIKES L.-PROG. POLICY SAYS TIM BUCK

COMMUNIST LEADER SEES TIE-UPS SPRINGBOARD TO POWER

Hamilton Meet

Hamilton—Aug. 8—(CP)—Tim Buck, national leader of the Labor-Progressive party, last night told a labor mass meeting that the strike of the United Steelworkers of America (C.I.O.) at the Steel Company of Canada here is “not the last strike” and that strikes will continue “until we are strong enough to use political action.”

There is a great deal more in the column but I do not want to burden you because you probably have seen the despatch. But I do want to ask you if you want to disassociate yourself and your union entirely from the remarks attributed to Mr. Tim Buck?

The VICE-CHAIRMAN: The question is quite in order.

The WITNESS: The question is, would I care—?

By Mr. Case:

Q. To disassociate yourself entirely from the remarks attributed to Tim Buck?—A. I should like to answer that in this way. I do not think you expect just a yes or no answer on that.

Q. No, I do not. —A. I do not know whether there will be more strikes in Canada.

Q. No.—A. It all depends on the way this economic problem is solved; that is, if a proper economic balance is brought about through the deliberations of this committee or through negotiations or otherwise, certainly as far as our particular industry is concerned there will be no widespread strikes to take political action.

Q. I am glad to hear you say that, because after all you still subscribe to the theory of local autonomy; that these strikes should be settled locally by local bargaining agencies of local unions as the result of their negotiations with their employers.—A. That is correct.

Q. That is very-very fine as an answer to the question I put to you. I might go a step further. Will the chairman permit this? I think there is a certain pretty general view, one which I share, that communism is the enemy of democracy, and if we thought we were lending in any sense aid to bring about a collapse of industry—and they are on the record—after all, they gave no aid to Canada until Russia came into the war in the great war period. I am thinking of the future. I am thinking of the Canadian boys who risked their lives and want peace. I am wondering now if we are going back to the old condition and say that we won the war but lost the peace again. You are interested in the future of Canada. What you want is to bring about this sense of peace and harmony consistent with the sense of security which you believe Canadians should have.—A. That is right. You made a certain statement there to which I do not fully subscribe. As far as communists are concerned, we don't ask the man who makes application whether he is a member of the communist party, or whether he belongs to the C.C.F. or whether he belongs to the Liberal party, whether he is a member of the Conservative party or whether he is a member of no party at all. So long as he is a worker in a plant and that plant comes under the jurisdiction of our union he has complete right to belong to the union.

Q. I think that is acceptable. But from my own point of view I think you should get busy and smoke out the communists who are trying to undermine democracy, and not making any contribution for your welfare or mine either.—

A. I would like to answer your question in this way. Not so long ago there was a statement appeared in the press and the author of it was Mr. Humphrey Mitchell. He accused my assistant of being a communist and at that time my assistant was not even in the place he was accused of being. He was 250 miles away from the city of Welland.

Q. Who is your assistant?—A. Mr. Maclean. And as far as we are concerned you may say, smoke out the communists. Well, there are a lot of people besides communists who have things against this union and ourselves and are trying to disrupt and destroy the union; so if the unions are going to smoke out the communists there are a lot of other people they would have to smoke out too.

Q. Smoke them all out.—A. The trouble is that when we start to develop that kind of a theory then you start smoking out the Jewish people, the negro people, and so on, and the first thing you know you have no union at all—which I think in some quarters at least would be quite acceptable. A lot of people have anti-labour ambitions and they would like to see us do just the sort of thing you suggest.

Q. I think you know the type of communists I mean. I am thinking of the fellow who is thinking of himself in this sense, that he would gain control through the unions and eventually overthrow the government of Canada and put his principles into effect. Now, a few moments ago you said that you were supplementing what Mr. Conroy said in his brief, I think you said yours was more or less an enlargement of it; and I suppose you accept what Mr. Conroy said in his cross examination. At page 779 in his cross examination, in answer to some questions I had put in respect to some difficulties they had with the Right Honourable Mr. Howe, Mr. Homuth interjected. He said:—

Do you take the *Globe and Mail* as the bible?"

and Mr. Conroy replied,

I take the *Financial Post* as a bible."

So that if I were to read into the record an editorial from the *Financial Post* it might help you in determining whether you will agree with what they say or not. That is the bible which Mr. Conroy accepts. This is an editorial dated August 10, 1946, from the *Financial Post*, and it reads as follows:—

The VICE-CHAIRMAN: Just a moment.

Mr. CROLL: Is my friend putting that question seriously?

Mr. CASE: I am putting this question seriously.

Mr. CROLL: I thought Mr. Conroy when he answered the question did so with a great big smile on his face. We were all laughing at the time. He said he was not serious.

Mr. CASE: There is no smile on the record.

Mr. CROLL: I cannot see it on the record. I thought you saw it too.

The VICE-CHAIRMAN: Mr. Case, I do not think that your question upon a facetious answer can be serious. Now, the answer was purely a facetious answer. There is no doubt about it.

Mr. CASE: I can leave that part of it out as far as that goes, and just go ahead and read this editorial and ask Mr. Burt if he agrees with it.

The VICE-CHAIRMAN: In view of the way the inquiry has gone, any normal statement of fact—you understand—you might ask it and I do not think any chairman would have the right to refuse you.

Mr. CASE: I think this should be read into the record. Sooner or later we will have to come to the place where we are going to make recommendations.

The VICE-CHAIRMAN: And it probably will be shorter if you go ahead and read it, if it is still your judgment that you should.

Mr. CASE: I shall read it into the record and ask Mr. Burt for his opinion, because it may have consequence. It reads:—

FLOUTING THE RIGHT TO WORK

In a free country a worker has a right to "withhold his services" or strike, John L. Lewis, United Mine Workers head, told a Calgary audience this week. Under normal conditions no liberal-minded person would be inclined to quarrel with that contention. But there is another right which Mr. Lewis did not mention.

That is the right to work.

This is even more vital and sacred in any free country than the right to strike, but it has been flouted by Mr. Lewis and his lieutenants in Canada and the United States. And it has been largely ignored or forgotten by government authorities in both countries.

It is exceedingly doubtful whether half of the 45,000 men and women on strike in Canada today are idle by choice, and if opinions of their families were included there would be an overwhelming majority in favour of staying on the job. But those eager to work are prevented by a minority which does not hesitate to inflict bodily harm on any person, member of a labour union or not, who attempts to cross a picket line.

And intimidation is not confined to strikes. Under so-called union security, pressure is put on all workers to join the union in control. There is no free choice for the individual. If he refuses to sign up his life is made miserable until he joins. This sort of compulsion should have no place in a country which calls itself democratic.

Canada might well note the action of the Judiciary Committee of the United States Senate which has just recommended that the following amendment be added to the American constitution:—

The inherent right of a person to work and bargain freely with his employer, individually or collectively, for terms and conditions of his employment shall not be denied or infringed by any Federal or State law, or by any organization of whatever nature.

That brings to bold relief the whole question of union security, check-off, the right to work, the right to be denied work, and the right to picket. I think you might make a comment on that, Mr. Burt. After all, I am seeking my knowledge at first hand.—A. I think it poses two questions; possibly the one is union security. I would refer you to the reasons. As to the first part of the question with respect to union security, I think that Mr. Justice Rand made one of the most important contributions on that question that has been made yet. Certainly the proof of the pudding is in the eating; and even the Ford Motor Company will tell you that while it has only been in effect a short time, it is having a very decided, good, moral effect, not only on the workers in the plant but on the management. I would not want to go in, now, to all the ramifications of the Ford negotiations which brought about union security. Certainly both parties, management and union, have stock arguments which they used, and these things are all dealt with in Mr. Rand's decision and probably much more ably dealt with than I can do it. With respect to the statement that a man has the right to work or not to work and so on, I do not know of any place in this country where a man has a guaranteed right to work. There is such a thing as unemployment, when a man is not working, and certainly there is no guarantee against unemployment and that particularly applies to the industries where we organize. There is a great deal said about our keeping people out of work. I want to say this: that in the case of the strikes we are interested in—I do not know about the other one—we are not keeping people out; most of them asked us to keep them out, particularly in this nice weather, and particularly because of the fact that they get paid while they are out. I refer now to such people as foremen, for instance. We have no mass picket lines of any size in our strikes; it is not necessary. Referring to these lime kilns and so on that need to be lighted again, in Brunner Mond, those people are legitimately on strike. The people in the Ford Power House had the legal right to strike because they had completed all the procedure established by law and so have we; so they have the legal right to strike. Most of this business is newspaper talk.

Q. I am asking about the fellows who feel they would like to work.—A. I have not seen any in our strikes who felt that way about it.

Q. You have been working a 48 hour week. Has that been general?—A. Yes. During the war the 48 hour week was worked in the automobile industry.

Q. And you are now asking for the 40 hour week?—A. We already have it established in Chrysler's and Ford, and they are working it now.

Q. So you do not think that a 40 hour week would be too great a shock to Canadian industry without some preliminary toning down first?—A. No., I listened to the argument about the 40 hour week here and some of the points raised, particularly about the chap, who, after work, goes out and gets another job. When the 40 hour week was proposed in the United States a lot of people said it would cause economic chaos in the United States. It has not caused economic chaos in the city of Detroit which is the centre of the automobile industry; the buses there are still running and the factories are still running on a 40 hour week. In our industry, where we have repetitive operations, where the work is monotonous, 8 hours a day, 5 days a week is plenty, particularly when a man does his job thirty, forty to forty-five times an hour, and he does that 8 hours a day. By the time he puts in 8 hours of that kind of work, a man does not look around for another job. We have had experience with the 40 hour week which has been in effect for some time, but we have not had the experience that was related here the other day.

Q. You spent some time in giving us the details of the profits made by the automotive companies and you dealt, to some extent, with their capital structure and their reserves, and so on. Now, an employee generally would like to work for an employer who was healthy, robust, and strong financially.—A. That is right.

Q. Yes; so I think you will agree with me that capital in industry is a rather febrile thing, and that anything that might knock the profit from under industry might jeopardize their capital very quickly. The greatest asset they possess is a plant in operation; if that plant is closed down their capital invested certainly depreciates.—A. That is right.

Q. The machinery was removed from the skeleton plants in my home town and we have sold them for a song, so I think you can understand what I am trying to arrive at now. Instead of there being so much concern about the capital structure and the dividends they earn, I wonder if labour could appreciate reducing this to the amount of profits they might make per man in their employ; the profit per man. In other words, if a concern had 12,000 men, and the space each man occupies in the plant and the tools he uses and the machinery and the light and heat and so on, might be worth \$1 a day, the industry would profit, if they charged each worker \$1 a day. They could charge \$12,000 a day to all the workers and it might not be out of line with the facilities they provided for the men. So I ask you, would it result in some reasonable approach if we forget the capital investment and if we think of the profit that the industry makes per worker?—A. I can only refer you to our chemical brief; and I am just wondering if the opposite would be true too, if they would go as high per worker as it is necessary to go; according to our figures this net profit for the Canadian industry has been running at the rate of \$7,000,000 or \$8,000,000 per year. That is quite a profit! Yet you suggest \$365 per worker.

Q. Yes, I would think a fairly good profit would be \$365 a year.—A. A dollar a day.

Q. I am thinking only of the fellow who has a small shop or a store or some other enterprise; he is exposed to all the risks that go with it. That space represents money to him and I am simply trying to relate the space which the worker occupies; I am wondering if that might be a practical solution whereby we would have more regard to how much profit they make per worker. Our only reason for reporting in our brief in that manner is this. Actually we do not care how much they make as long as we get a decent living wage.

Q. A fair share?—A. We have the right to know if they are making enough to pay us a living wage; and there has been so much said about the inability of the companies to pay that we thought certainly it would be relevant if we reported the ability to pay of the particular companies we are interested in.

Q. It might help to solve your problem then, Mr. Burt, if you could have representatives on the board of directors. In other words, I am taking the view that labour invests its life against capital. Suppose you had representatives on the board of directors, so you would have some appreciation of the responsibilities of management, the risk they are exposed to and so on, and knowing ultimately that you might share in those profits after capital had a fair return provided for its use, that the worker who created the profit might then step in and share something. What would you think about that, if you could share responsibility with industry?—A. Yes. I think that is desirable. We do not wish to run industry; but we feel that, having invested our labour in industry, we should have something to say about industry's policy.

Q. Yes.—A. In fact, we have one company that was paying shares to the employees on a bonus plan; that is the Detroit-Windsor Tunnel Corporation. They are paying quite a bit this year—I believe it will amount to 23 cents an hour—and they will have to come down and ask Mr. Mitchell to okay it.

By Hon. Mr. Mitchell:

Q. That is all right, Mr. Burt. While I was out I have been told that you said that I accused Mr. Maclean of being a communist.—A. That is right.

Q. Why would you say that?—A. It is in the press.

Q. Well, did you take the trouble to read *Hansard*?—A. No; I did not.

Q. If I might say this to you, Mr. Burt—I did not know it was your Mr. Maclean, whom I have known for quite a while. I played some part in the settlement of the Ford strike with Mr. Maclean. That came about, as you know, through the old game. You and I know it. It is an old game.

Mr. HOMUTH: Would you speak a little louder, Mr. Mitchell?

Hon. Mr. MITCHELL: I say it came about, as Mr. Burt knows, through an old game. While the seamen's dispute was on and I was trying to settle it, I was advertised to speak in Welland along with Mr. Maclean. I did not know it was your Mr. Maclean, Mr. Burt, but I have had that trick played on me, and probably you have yourself, by certain people where you are advertised to speak and they know full well that you cannot get there. I do not need to tell you from what source the people come who have used that extensively in this country, because of course you yourself know that. Let me say this. Mr. Maclean is here. I did not know he was here. I did not know he was the Mr. Maclean referred to. I just read your name out from the dodger that I received from Welland and you were in the middle along with myself. I do not think you spoke Mr. Maclean. But it is the old communist trick, and we know that. It is a scurvy trick that is played quite often. Some of my friends went to that meeting hoping to see me there and to have a chat and listen to me speak. They said the going-over they gave me was so terrible that they got up and left that meeting. I want to say this to Mr. Maclean, through you, Mr. Burt: if you read *Hansard* you will find there was absolutely no foundation of any kind or character for labelling your Mr. Maclean as a communist. Let us be free, frank and honest about it.

By Mr. Homuth:

Q. Mr. Burt, there is just one question I want to clear up. Mr. Gillis asked you a question, the same as he did Mr. MacKenzie this morning, with respect to your views as to what this committee should do; it was to the effect that you and those you represent expected this committee to make some definite recommendations to the House with regard to wages and hours, etc. You answered yes, that you expected this committee to make some definite representations to the House or recommendations to the House. Can you take the position with this committee—after this very full investigation, hearing men from both sides of the argument—that if this committee, in their wisdom, make certain recommendations, the men whom you represent would accept those recommendations and put your men back to work?—A. Well, Mr. Homuth, I think you would be a good collective bargainer. In the first place, you want a commitment on the acceptance of recommendations which are not yet made. I do not know. I will say this, that if this committee, in its wisdom or otherwise, decided to recommend—

Q. I mean to say “in their wisdom or lack of wisdom.”

The VICE-CHAIRMAN: Will you permit me, Mr. Homuth, to say that I was wondering if the witness would be more accurate than you.

The WITNESS: If this committee did decide to recommend five cents an hour increase, certainly the trade union movement would reject it. I think, though, that the reason we pin hope on this committee is we feel that the weight this committee will carry before the House after hearing our representations will result in a decent recommendation. But I would say that until we have that recommendation we could not guarantee whether our own people would accept it.

By Mr. Homuth:

Q. You would not commit yourself?—A. If I said to you, “Whatever this committee decides to recommend to the House of Commons, I will so recom-

mend to my membership," that might result in a split in our ranks; and that is a very serious thing in a strike. So I should have to consider that along with our officers before committing myself.

The VICE-CHAIRMAN: No blank cheque.

By Mr. Homuth:

Q. Mr. Gillis said to you this morning, Mr. Burt, "How do you arrive at the \$2?" You said, "Well, first, the ability of the company to pay." Are you prepared to pin the wage structure on the profit structure of a company?—A. No.

Q. You are not prepared to endorse the American suggestion that was made some two or three months ago to pin the wage structure on the profit structure?—A. Well, I did not know that our particular union during the General Motors strike over there ever did pin—

The VICE-CHAIRMAN: No.

Mr. CROLL: He said "suggested."

The VICE-CHAIRMAN: No, that is not the statement, Mr. Burt. The suggestion was made apparently by somebody in the United States. That is all you mean, is it not, Mr. Homuth?

Mr. HOMUTH: That is what I mean. The suggestion was made that they should go into the books of the companies.

Mr. SMITH: The Truman Committee was appointed for that specific purpose.

Mr. HOMUTH: Yes, the Truman Committee was appointed for that purpose, so as to set up a wage structure in conformity with the ability of the companies to pay.

The VICE-CHAIRMAN: Yes. But you did not mean that his union had ever agreed to that.

Mr. HOMUTH: No. I am asking him the question in view of the answer he gave Mr. Gillis this morning, when Mr. Gillis said, "How do you arrive at the \$2?" and he said, "Well, one reason is the ability of the company to pay." I wanted to clear up whether, in view of that answer, he was prepared to pin the wage structure to the profit structure of the company.

The WITNESS: I think it is a factor; but as I say, I do not think it is the only factor.

By Mr. Homuth:

Q. You still think it is a factor?—A. Oh, I think so. Dosco, for instance, is a poor company and may be a poor relation; while in Dosco I think the first responsibility of any company and possibly the government in its subsidy is to make sure that these employees have a decent standard of living. But because they are confined, through the inability or inefficiency of that company to show a decent profit such as Ford or Chrysler, that is not any reason why the automobile workers should not go ahead. It seems to me that would be foolish, to relate the question of high wages to just the companies that can afford to pay. I say that having the ability to pay is a factor in determining wage rates.

Q. Would you say this, that the inability of the company to pay from a profit angle should also have a bearing on the wages or would you believe in subsidizing those industries out of the general taxpayers?—A. I subscribe to what Mr. Millard said that if it is in the national interests to maintain a company like Dosco I think the first responsibility is to see to it that a decent living wage is paid to the workers.

The VICE-CHAIRMAN: Are there any further questions of this witness?

The WITNESS: I wonder if I could make a statement.

The VICE-CHAIRMAN: The witness desires to make a further statement.

The WITNESS: I am particularly interested in this chemical dispute because of the report made by Mr. Gordon. We have two plants tied up, as you know, Brunner Mond and the Canadian Industries Limited. The salt wells are in the Canadian Industries plant in Windsor, and certainly there is being felt now a distinct shortage of the products they manufacture. It was revealed during our negotiations that these companies are paying below the Windsor area rate. In other words, we keep verbatim minutes in the C.I.L. between the committee and the management. I have a copy of them here, and I should like to read into the record an excerpt of these verbatim minutes which are dated the 3rd of June, 1946, and relate to wage increases.

The union is familiar with the wage control orders and must recognize in making a request to the regional war labour board for an increase in hourly rates the onus is on the applicant to show that the existing rates are low by comparison with rates paid for comparable jobs in the community. Although the union has presented no such brief we ourselves have completed a survey of rates paid at some 30 plants in the community excluding only the three automotive plants.

They excluded the big three where the hourly rates are comparatively high.

And we find that the rate currently paid to labourers in this plant is low by 7 cents per hour, and the rate currently paid to machinists in this plant is low by 13 cents an hour.

That is in the Canadian Industries plant. This is the copy we received from the company of the minutes of a meeting between our committee and the management. That is also true with respect to Brunner Mond. They are lower than the area rate. It seems to me that being lower than the area rate, and having it admitted by the company they are paying low rates, something could be done to reopen negotiations with help from the Department of Labour in order to get this particular dispute solved, particularly when this company has agreed to go as high as 18 cents provided it is agreeable to the federal authorities.

By Mr. Croll:

Q. May I just follow that up now that you have mentioned it. I will ask you this. Are Brunner Mond and the Canadian Industries Limited two of the companies that were reported on by the McGregor Commission in its report on Canada and international cartels? Do you know that?—A. I do not know.

Q. Then I will read it to you. The answer to that is "yes". On page 19 of the 1944 report Canadian Industries is discussed under the heading of chemicals, and on page 21 the Brunner Mond company is discussed under the heading of soda ash as being one of the plants concerned. Do you know anything about it at all?—A. Only what I have reported here.

Q. Only what you have reported there. I see in Magistrate Hanrahan's report on page 5 he says:—

Mr. Aylesworth further wished recorded his wholehearted subscription to the views and statements made by Mr. Justice Roach before the House of Commons Industrial Relations Committee, believing that in this plant, as well as in other plants, the unions have become the masters rather than the servants of the workers.

You have covered that, have you not?—A. I have partly.

Q. Go ahead and cover that point.—A. Where is that, on page 5?

Q. Page 5 at the bottom of the page.—A. I did partly cover that. I might state that the vote in this plant was an overwhelming one in favour of strike action. They were practically all from Amherstburg. There are not too many places to go there, anyway, and union meetings are a little more attractive than they are in some other cities.

Q. Later on on page 7 Magistrate Hanrahan says this:—

At this meeting I was advised by Mr. Aylesworth the company would never consent to any form of arbitration of the differences existing.

On page 13 Magistrate Hanrahan makes this suggestion:

My recommendation to you is—

This is the recommendation to the Minister of Labour—

—that this matter is of sufficient importance that you should personally intervene, as you so successfully did in the Ford strike, with a view to persuading company officials to submit the whole question to arbitration. I have no doubt this suggestion would be quickly accepted by the workers.

I suppose that is his own view. Is there any reason for believing that would be so?—A. We just received this report yesterday, and I have not been to Windsor. One of the chief committee men is here with us.

Q. Do not commit yourself.—A. I do not know whether they would accept it.

Q. I have such a high regard for Magistrate Hanrahan's opinion that I thought he knew your mind on it, but I am not asking you to commit yourself on it at all. As I understand it they are entirely unwilling to deal on the matter of union security. They will just not talk about it, and on the question of wages they tell you it is the responsibility of the government, and if the government will put a formula into effect they will fall in line. Did they ever offer you anything?—A. 10 cents.

Q. But beyond that they will not go?—A. That is right.

Q. How many people have you employed there?—A. About 400.

Q. Mostly all from Amherstburg?—A. Yes, I would say practically all.

Q. The town is almost dependent upon that and Calverts?—A. Calvert distilleries.

Q. That is about all there is there?—A. That takes up a large portion of the employment.

Mr. SMITH: Do they use soda ash in Calvert's distilleries?

The WITNESS: I have not noticed any. I am informed that out of 400 there are only 20 who are not members of the union in good standing. I might say in the case of C.I.L. a conciliation board rendered a report for union security but the company is not prepared to accept the recommendation of the conciliation board.

By Mr. Croll:

Q. Have you any other plants that belong to the same group of plants, that is, Imperial Chemicals, any place in this country?—A. The only other place that could be called chemical where we have a wage contract is with the plant in Sarnia. That is the Polymer Rubber plant.

Q. That belongs to the government.—A. We have a collective agreement.

Q. They will treat you very well.—A. I hope so.

The CHAIRMAN: Are there any other questions of this witness? Thank you, Mr. Burt.

The VICE-CHAIRMAN: Who should be the next witness?

Mr. BLACKMORE: Mr. Chairman, I should like to recall Mr. Conroy.

Mr. CROLL: Oh, no. Mr. Jackson has been here for some time and he wants to get back.

Mr. BLACKMORE: I have expressed my desire.

The VICE-CHAIRMAN: Quite right.

Mr. CROLL: I think we should have Mr. Jackson.

The VICE-CHAIRMAN: I believe it should be Mr. Jackson rather than Mr. Conroy, in view of the fact that Mr. Conroy has been before the committee.

Mr. CROLL: And he lives here.

The VICE-CHAIRMAN: And Mr. Jackson does not. And there may also be other reasons.

Mr. JOHNSTON: Mr. Blackmore is not going to take very long.

The VICE-CHAIRMAN: You know how unsafe it is. Nobody knows how long it may take. We will call Mr. Jackson.

Mr. Clarence S. Jackson, Canadian President and International Vice-President, United Electrical, Radio and Machine Workers of America, District Five (Canada), called and sworn:

By Mr. Lieff:

Q. What position do you hold with the union on whose behalf you have submitted a brief?—A. I am the Canadian President and the International Vice-President of the United Electrical, Radio and Machine Workers of America.

Q. You have handed us a short introduction which you would like to append. I understand, to the material you have already produced?—A. That is correct.

Mr. LIEFF: Mr. Chairman, do you want me to read this or shall we put it on the record as it is.

Mr. CROLL: Put it on the record:

Agreed.

INTRODUCTION TO BRIEF

SUBMITTED TO THE INDUSTRIAL RELATIONS COMMITTEE OF THE HOUSE OF COMMONS
BY THE UNITED ELECTRICAL, RADIO AND MACHINE WORKERS OF
AMERICA, DISTRICT 5 (CANADA)

The government witnesses before this committee have raised the question of inflation as most fundamental to Canadian economy, and as the problem for all people, especially the workers. These witnesses have attempted (with press support) to place the blame for the present inflation on the working people and at the same time use it as a club over those workers and their unions, to prevent them from bringing their wages into line with new high prices.

Inflation has been with us since before V-E Day—inflation has been brought about by the government of Canada—in support of the demands of big business—against the interests of the Canadian public generally.

Here is the evidence:

1. The cost of living bonus was incorporated into wage rates, thus helping to aid business in taking brakes off price rises, and thereby reducing purchasing power at the very time when the bonus could have acted as compensation (in terms of purchasing power) for reduced weekly wages, i.e., lower hours, elimination of overtime, etc. The government thus promoted the inflationary process.

2. The government released ceilings on hundreds of items of production, removed excise (luxury or war tax) of 25 per cent on many household appliances, cars, etc., but left it in the price for the benefit of the manufacturers.

The government continued to speed inflation by the removal of subsidies on many necessities of life, such as fruit, milk, butter, etc.

4. The government continued the elimination of price control and agreed to price increases, such as \$5 a ton on steel, \$9 a ton on paper, and 30 per cent on wiring devices and varying price relief on hundreds of other products of common use, direct or indirect, so far as the ultimate consumer was concerned.

5. Prices rose rapidly but wage increases have been withheld by government action through War Labour Boards. Yet the spokesmen for the government have the effrontery to argue that prices rose or are rising because of wage increases, although virtually no wage increases of any magnitude have been granted since prices started their main upward swing. The present strikes of 50,000 workers have been brought about because they needed wage increases to meet the higher prices.

6. Therefore, the government stands exposed as the agent of inflation. The government supports employers in holding the line against wage increases needed to maintain parity with prices. Therefore, the government and employers stand exposed as combining to put over inflation, and blame it on workers who have consistently fought against inflation, and to-day are merely trying to catch up on the inflation that is already here.

7. Therefore, the government must stop its sellout to employer interests, and protect the Canadian people against inflation. The government must hold price-control, settle the present strikes by meeting the modest demands of the workers involved, protect the Canadian people against the unrestricted greed of corporations, enforce public responsibility on the owners of business, end the sitdown strike of big business against Canadian people, and thus make available the products which have been withheld from the market to put pressure on the government for price relief and corporate tax relief. The present strikes were forced by the employers as a smokescreen for their own inflationary moves and they have tried to put blame on labour for what has happened.

8. The Industrial Relations Committee should immediately recognize that as each day of deliberation goes by, 50,000 workers remain virtually locked out. The employers are holding the gun of no production to the head of the Canadian people, and are adding to inflationary pressures in their own interests, and charging the cost of these "strikes" to the Canadian people by reducing excess profits taxes.

9. The Industrial Relations Committee, therefore, should in its report to the House of Commons demand that the conspiracy of big business against the people be ended by the re-establishment of price control, that the strikes now being carried on be terminated by the granting of labour's modest wage demands, and that the government accept its responsibilities for the protection of the public welfare through high production and adequate purchasing power.

By Mr. Lieff:

Q. Now, Mr. Jackson, I understand that there are five plants strike bound as the result of the action taken by your union?—A. There are four at the present time.

Q. And one is the Canadian Westinghouse, Hamilton?—A. Yes, that is correct.

Q. How many employees are involved?—A. 4,000 employees of whom 3,500 belong to the union.

Q. You have been on strike since July 5?—A. That is correct.

Q. And next would be the Amalgamated Electric?—A. The Amalgamated Electric Company, Toronto.

Q. 700?—A. 700.

Q. How many belong to the union?—A. 700 in the bargaining union.

Q. That is 100 per cent?—A. That is right.

Q. And they have been on strike since July 8?—A. That is right.

Q. Then Canadian Wire, Leaside, and that figure is 1,250?—A. In the bargaining union.

Q. And they have been on strike since July 7?—A. That is correct.

Q. What about the plant of the Welland Electrical and Metallurgical Company?—A. There are 1,200 in the bargaining union.

Q. Out of 1,300 employees?—A. No. When I use the figure for the bargaining unit I am not including the salaried employees, or the foremen. I am giving the actual number of employees who are eligible for membership in this union in a particular plant. The total number of employees would be in excess of that strength.

Q. And 1,200 are in the union out of 1,300 altogether?—A. No. I would like to get that straight. I am merely stating that the figures we have for that are the number of people who are in the bargaining union under the order of certification; therefore, the number who are affected by the strike would be in excess of that because there are the foremen, the salaried employees and so on, who do not come within the bargaining union.

Q. At any rate you have been on strike there since July?—A. That is correct.

Q. Monarch Batteries also?—A. That strike was settled over the week-end.

Q. That is the battery plant at Kingston?—A. That is right. It involved 60 people.

Q. Would you care to tell the committee the basis of settlement?—A. On the original dispute the levelling up of wages at the Monarch Battery Company, Kingston, with wage conditions that had been prevailing in the battery companies in Toronto, Exide and Willard, who have had a contract with the union for three years.

Q. And were all these demands essentially the same with respect to wages and so on? Would you give us the final offer?—A. All our demands were for 25 cents an hour, for a 40-hour week, for vacations with pay, for a shift differential, for sick leave pay and for union security in the main.

Q. Did you carry these demands across the board in each of the other three companies?—A. The same demand applies to all the companies in this industry.

Q. Have you varied from that 25 cents an hour?—A. Yes, in certain cases where we thought there was a bargaining position, and the possibility of getting somewhere and avoiding a strike. We were prepared to and did suggest to the companies that we would knock off the difference between 15 cents and 25 cents; but the companies were not prepared to enter into negotiations with us on those conditions.

Q. And you are now in that position with the four companies?—A. That is correct.

Q. What was the original offer and what was the final offer on the part of the companies?—A. Originally it was 7½ cents an hour.

Q. And I want their very last offer.—A. Final, 8 cents an hour.

Q. What about vacations with pay and the other things?—A. Two weeks after five years, more for longer service, and revocable check-off.

Q. In Amalgamated how far did you get with them?—A. We did not make as much progress with Amalgamated because there it was a quite contentious issue. The company is actually only working 40 hours now although they were working 48. They reduced to 40 on account of the shortage of materials. When it came to the question of negotiating wages and hours, the best offer the company would make was to reduce the hours from 48 to 40 and a possible 10 cent increase which really reduced pay which would not compensate the employee for the reduced hours of work.

Q. Now, I want to cover with you the basic rate for each company. Would it be fair to say that the basic rate was 60 cents?—A. That is the present basic rate.

Q. And for women, 38 cents?—A. 38 cents for women, yes.

Q. What is Amalgamated?—A. The same applies for Amalgamated, but the figure I think is 40 cents and 50 cents. It is difficult to state the figure at Amalgamated because they hire at different rates ranging from 40 cents to 50 cents and up.

Q. How about Canadian Wire?—In the same position as Amalgamated, but with a lower rate for girls, ranging from 36 to 38 cents an hour.

Q. What did they offer, 10 per cent?—A. They are in about the same position as Amalgamated Electric where we can not get a clear cut decision on account of the reduced hours. They have reduced hours in the different departments in the plant. I would say it would average out around 48 to 42 hours per week. That 10 per cent final offer was 10 per cent increase in the hourly rate but with about six provisos which they would not elucidate to us. One was that the 10 per cent would only apply if the cost rate did not go above the existing ceiling, and, secondly, that we would have to sign as a prior commitment a collective bargaining agreement on which we have not been able to come to agreement with the company. Otherwise, the 10 per cent offer was not on the table.

Mr. CROLL: I do not understand that last answer.

The WITNESS: May be I should clear up this point. Canadian Wire and Cable Company has not yet been under contract with this union. We were certified in the month of January, 1946, and we have been in negotiation with the company since January, 1946, but we have not as yet been able to arrive at a collective bargaining agreement. The company has even refused to give us as good an agreement as they granted to a company union which was in existence two years previous.

By Mr. Lieff:

Q. What about the electrical firms? What did you get as a final offer from them?—A. The last offer of the Electrical and Metallurgical Company averaged about 10 cents per hour on the base rate; hours of work 48 to 42 or 40. There was a question in their mind as to whether they would insist on an average 40 hour week or whether they should insist on a reduction for continuous operation from 48 to 42 hours and for non-continuous operations to 44 hours per week; but their wage offer did not give full compensation for the reduced hours of work.

Q. What was the position there with respect to vacations?—A. Well, the question of vacations was only at issue when they get up to the three week period.

Q. You have not insisted on that demand?—A. Well, that is still an issue.

Q. Does that very well digest your demands and the conditions?—A. I would say that summarizes it briefly.

Q. Would you take a look at page 22 of your brief, the last paragraph. I wonder if you would care to indicate to the committee the nature of the evidence you talk about in line 2 of that paragraph.—A. I shall read it, perhaps, for the benefit of the committee.

Q. "Throughout the negotiations of this company there was constant evidence of a working agreement between this company and the other electrical companies with regard to the wage and hour pattern which they were prepared to meet."

I would like to know what the evidence was.

A. The evidence is of two kinds. In the first place, virtually every company, of some forty companies with whom this union has had any collective bargaining relationship, has a member on the council of the Ontario Institute of Industrial Relations which institute apparently acts as a bargaining representative of

these corporations and companies, and their agents or representatives appear intermittently in negotiations with the various companies with whom we are under contract or have been certified for. This institute has a definite pattern with regard to the contents and form of collective bargaining agreements.

Q. Could you tell us a little bit about it, what their structure and objectives are?—A. I want to complete my answer to your first question. Further evidence of the operations of the institute was quite clearly demonstrated in most of the negotiations. When various clauses of a contract would come up for discussion, we would invariably be consulted with a form clause and almost identical argumentation on behalf of the company that we had met a day or a week before in some other plant. The institute, to our knowledge, is an organization of employers in the province of Ontario; their chief representative is Mr. J. C. Adams, K.C., formerly secretary of the Ontario Regional War Labour Board Membership in the institute apparently is on the basis of the payment into the institute of \$2 per year, per employee of the subscribing firm, \$1 of which, I believe, goes into a current account for current expenditures and the other dollar becomes capital account. I have not been able to secure a copy of the constitution, but I believe that the capital account has some bearing on the possible over-all industry situation as to strikes such as are taking place at the present time, or some other such emergency in the minds of the members. The institute provides service to employers, analysing and comparing wage rates, providing community surveys on wages, circularizing throughout the membership copies of leaflets presented by almost every union at the factory gate. It has a rather complete service, on behalf of the employers, to pool their collective bargaining relations with the unions, particularly with the C.C.L.; but I believe it goes beyond that, and rather beyond the electrical industry.

The VICE-CHAIRMAN: Wait just a moment.

By Mr. Lieff:

Q. Last night, some reference was made to a phrase on one of the early pages of your brief, the first page; "Full-blown conspiracy on the part of Canadian manufacturers against the Canadian people." That was on page 1 at the middle of the page, of the original brief. Have you withdrawn that?—A. No, I have not withdrawn that.

Q. Well, if you have not withdrawn it, what are the details of the conspiracy; who are the conspirators, and what did they do?—A. First of all, in the course of negotiations with both these unions and the other C.C.L. unions—the information, of course, that I reply upon is information we received—when the various C.C.L. unions met together in their Canadian congress, wage co-ordinating, committee, in their executive committee and executive council, in the course of the negotiations, there has been a very definite and clear cut position taken on the part of the employers, in regard to the wage demands put forward by all the unions, and a similar or identical position has been taken by the corporations, as the wage movement developed. The various statements made by the corporation representatives in the course of negotiations indicated clearly that they had entered into an agreement with other employers with regard to the extent to which they would go in meeting the demands of these unions. I would like to cite one of the examples. I cannot reveal the name of the individual; it was a confidential report to me. It concerns one of the corporations now on strike.

The VICE-CHAIRMAN: Just a moment.

Mr. SMITH: Are we going to have evidence like that?

The VICE-CHAIRMAN: Just before you rose, I was on the point, Mr. Smith, of remarking relative to hearsay evidence. From what this witness has said, this would be a case of hearsay evidence, and if such is the case it is not admissible.

The WITNESS: May I discuss that point with you?

The VICE-CHAIRMAN: No, you may not discuss it. That is my ruling. Hearsay evidence is not permissible.

The WITNESS: I have sat in these meetings for three weeks and I have heard hearsay evidence every day.

The VICE-CHAIRMAN: The witness is not here to determine the procedure of the committee. That is final.

Mr. SMITH: On a point of order; I am not so much concerned about that. Certainly we are not going to have evidence of what somebody said, when he is not going to reveal the name of the man who gave it.

The VICE-CHAIRMAN: Even if he had revealed the name, it might still be a question. But without the name, it certainly cannot be allowed. There is no question about that.

The WITNESS: I am not quite through with the question. It is the contention of the unions, of these unions, that an agreement has been entered into by at least the companies making up, or coming within our industry or within our collective bargaining range; but they have entered into a prior agreement as to the extent to which they would meet the demands of these unions. Their position is similar to that taken, to that of other companies doing business with other unions. The Central Ontario Industrial Relations Institute, through their reports, have made it quite clear, in the course of our negotiations. We meet them one day in Westinghouse, and the next day at Monarch Battery, and they take the identical position. It is quite clear there is a form of complete agreement reached by the corporation that they are not going to exceed a certain given figure, which varied over the course of the past six months as the whole Canadian wage pattern shifted.

By Mr. Merritt:

Q. Is not that exactly co-extensive with what you are doing? Are you not negotiating with the local unions?—A. That is quite correct.

Q. So, if their's is a conspiracy against the Canadian people, so is yours.—A. That is up to the Canadian people.

Mr. MERRITT: I am satisfied.

The WITNESS: Further, we say that the same corporations were prepared and made their plans well in advance of the dates when the strikes took place, and that they were prepared to shut down their plants and to keep those plants shut down for from 3 to 6 months rather than meet the wage pattern or negotiate on wages based on 10 cents an hour; and the preparations that were made were quite obvious and quite complete, including in the case of the Canada Wire and Cable, moving their office furniture in and out of the office every day over a period of 3 or 4 months; shipping materials out of their plant without even tags on them in order to stack them up in warehouses; assuring some of their suppliers that they would be taken care of for at least two to three months. A whole accumulation of evidence of that kind indicated quite clearly to this union that this corporation was prepared, rather than pay even the 10 cents, to shut their plant down for a period of some 3 to 6 months; and we say that is evidence of a conspiracy against the workers and against the Canadian people, depriving Canada of production.

By Mr. Lieff:

Q. That is your answer?—A. That is our answer.

Q. All right. On page 2, paragraph 2, the third line, you use the words “sit-down strike on production.” I wonder if you would care to explain that?—A. Yes. First of all, in our industry, particularly in the plants that are on strike—particularly shall we say in Canada Wire and Cable, Amalgamated Electric Corporation and the Canadian Westinghouse Company—in the course of war production there was only a minimum of actual conversion of production equipment and set-up in those plants. Most of the change-over in equipment for war production took the form of new plants. The original plants remained in much the same state and the production turned out was of a similar kind to that which they turned out under war conditions. Therefore they had no serious problem in terms of reconversion, in terms of having to dismantle and re-establish a peacetime production equipment apparatus. Yet from VJ Day, and almost from VE Day, there was a definite slowing down in the production activities in those plants, despite the fact that there was an excessive demand for the consumer appliances which most of those companies were turning out. We had to conclude that, first, there was no shortage of labour; there was no discernible shortage of material in the period from VJ Day up until—I will state that possibly the American strikes did have some effect, but certainly between VJ and 1st January there were no reasons that we could find for the apparent slow progress of reconversion. We found instances, which we could not nail down completely, of the production of consumer goods with the failure of such goods to reach the market. We found instances of partially completed, commodities—where they were almost fully completed but maybe some one item was not put on the finished article, and those materials being warehoused and held.

By Mr. Johnston:

Q. For example, what would they be?—A. For example, in electric ranges, in the case of the General Electric Company, the information from workers in the plant who worked on those was that those ranges were warehoused without doors, but that the material was available in the plant for the manufacture of those doors. They could therefore be held as stock in process and not reach the market; and the conclusion that we had to draw was that those were being held off the market for price increases. I just want to make one further point which I made in this brief, and that was because we were lacking in final and conclusive evidence to support our contention,—although final and conclusive evidence of a similar development in the United States was filed by this international union with a government commission, and was supported—we did request, or rather the Canadian Congress of Labour requested, in its brief presented to this government in April of this year, that the appropriate government agency, preferably the Wartime Prices and Trade Board, should enter into an investigation of this situation to ascertain whether or not the convictions of the labour movement in this regard were correct. To our knowledge the government has not undertaken this very serious request of labour and conducted any such investigation. We therefore feel that, until such investigation has been completed, we have every reason to believe that we are correct in our assumption. We likewise believe that the present strikes—which actually, if you look at them carefully, are not strikes so much as they are lockouts by the corporations—are part and parcel of the same sitdown strike on the part of the corporations as a means of pressuring the government for increased prices and reduction of taxation.

By Mr. Lieff:

Q. And the maintenance of ceilings on wages, you say?—A. And the maintenance of ceilings on wages is a part of it.

Q. Let us go along into the next paragraph where you say, "Support for this suspicion". That is all it is, is it not?—A. Well, we use the term on that particular page; possibly it should have been a little bit stronger because we use stronger language later on.

Q. Do you want to make it stronger?—A. Yes. I would say "for this conviction".

Q. "Support for this conviction", based on what you have already told us?—A. Yes

Hon. Mr. MITCHELL: It is all hearsay.

Mr. McIVOR: What paragraph is that?

Mr. LIEFF: The third paragraph on page 2.

By Mr. Lieff:

Q. You say, "Support for this suspicion was given only a few days ago by Mr. Donald Gordon . . ."—A. Yes, that is right.

Q. Let us go along. Continuing. "...when, in the course of his presentation before the House committee, he admitted that many companies had thrown out the threat of refusing to produce as a means of securing higher prices for their commodities." Do you say the only reasonable inference you could draw from that is that they went on a sitdown strike on production?—A. Mr. Gordon stated in evidence before this committee that companies had threatened to cease production of certain items if they did not receive an adequate price increase. In fact, it was recorded in the press the day after Mr. Gordon was on the stand here, that Joseph Stokes Rubber Company in Welland—which incidentally is under collective bargaining relations with this union and is attempting to establish a company union in the face of the union contract with this union—had refused to produce certain items because they had not been granted price relief and that he, Mr. Gordon or rather his department, have had to establish a controller in that plant as the only means of getting production on these much-needed items in order to prevent this company carrying through their threat against the Canadian people of a sitdown strike on production, as a means of getting a price increase.

Mr. HOMUTH: Was a controller put in there?

Hon. Mr. MITCHELL: Yes.

The WITNESS: I gathered that the controller was in for a matter of hours or something. That is the way it read or appeared to me from the article in the press.

Mr. HOMUTH: Was he put in there for the purpose of allocating a type of production?

The ACTING CHAIRMAN (Mr. Croll): There will be some evidence on that.

The WITNESS: I have given the information which was in the daily press. It certainly stated that the controller had been put in in order to get production on the items which the company had refused to produce.

By Mr. Lieff:

Q. You say you have a strong conviction that this is a sitdown strike, and you think that Mr. Gordon's statement is ample evidence?—A. If this committee wishes I will take Mr. Gordon's evidence and read it through to you and point out some half dozen instances where he mentions such assertions, that companies have threatened to cease production of certain items if they did not get price relief on those items. We believe that where Mr. Gordon can state that there are such nuisances, there must be many other instances that have not yet necessarily come to Mr. Gordon's attention, where companies have done this. From our experience and our knowledge of their production, or rather the knowledge of the workers in a given plant of the production situation and supply

situation, we believe that there are many other instances which have not been brought to the attention of the department yet or have not come to light. We feel that production could have been well under way in this country by January 1, but we did not find any example of that in our industry and in particular in the radio industry, where coincidentally, if you like to put it that way, a matter of one or two days prior to the announcement in the press of the 10 per cent increase in the price of radios, every radio manufacturer that I have had any contact with in this country immediately ran large ads and distributed throw-aways to the houses, asking for workers to come to work in radio plants. To us that was rather clear evidence of the fact that they had not been too anxious to get down to production of those radios until such time as they were able to secure price adjustments.

By Mr. Case:

Q. Have you any copies of that advertisement?—A. I do not have one with me but I know I picked up one on my own doorstep in Toronto.

By Hon. Mr. Mitchell:

Q. While you are talking about dodgers have you got any copies of the dodgers you peddled around about myself?—A. I do not think I have them with me but I imagine your department has a complete file of them.

Q. They were pretty lousy looking documents?—A. That is your opinion.

By Mr. Baker:

Q. Mr. Conroy and Mr. Millard and most of the other men have given a brief history of themselves. Mr. Jackson seems to have a pretty fair coverage of his subject. I should like to ask a few questions just to get his history and find out whether he has been in the labour movement long. How long have you been in the labour movement?—A. About twelve years.

Q. And what union or unions? Have you always been with the same union?—A. I have been with this union for ten years.

Q. What union were you with during the last few years, or from the first of the war until now?—A. With this union since 1937.

Q. Have you been an officer of the union for the past ten years consistently?—A. I have been elected annually since 1937.

Q. Did you have any strikes or troubles during the war? Just give us a brief history of the activities you have been in during the war. Just give us a full picture so that we will know.—A. If you want a full picture of ten years of union organizing in this union you will have to sit here a long time.

By Mr. McIvor:

Q. I have one question to ask.

Mr. BAKER: That is not an answer.

The WITNESS: If you have a specific question I will answer it.

By Mr. McIvor:

Q. You say that inflation has been brought about by the government of Canada in support of the demands of big business. Mr. Jackson, do you not think it would be nearer the truth if you were to say that the government has kept down inflation at a low figure, lower than any other country in the world, notwithstanding the desire for increased prices from corporations and the desire of trade unionists for increased wages?—A. Well, I would not fully subscribe to the way in which you formulate that. I would state that during the war this country did maintain better price control than I am aware of in any other

country, but at the same time I believe very sincerely that since the war ended this government has accelerated the process of decontrol and introduced inflation, or rather has accelerated inflation because we had a measure of it throughout the whole war.

Q. So you do not think the government has tried to keep down inflation by fighting against corporations which wanted increased prices and against union leaders who wanted increased wages?—A. Answering your second question first the union does not agree with Mr. Donald Gordon in his thesis that increased wages are the reason for increased prices. Rather it is vice versa. Secondly we say that this government has succumbed to the pressure of the corporations in their demands for an increase in prices, and has succumbed rather completely, and in an accelerated fashion. With regard to the relationship between wages and prices I think it is quite clear from the record that prices have been going up consistently rather rapidly in the last several months, but that very few wage increases, or certainly wage increases of very small magnitude, have been granted during that period. It has been argued by Mr. Gordon that the price relief being granted to the Steel Company of Canada and other companies has been granted on the basis of meeting increased costs which accumulated during the war years, and that a large item in these increased costs is increased wages. We find that rather difficult to follow. When you look at the balance sheets of the same corporations we find that each successive year, despite what Mr. Gordon and other government officials have said is a substantial increase in the wage rates in these plants, the same corporations are able to increase their profits each year. It has been the experience of this union with almost each corporation that after going into negotiations and succeeding in getting some measure of wage adjustment and hearing the companies plead inability to pay we find that the following year after having given the wage increase their profits have gone up even more than they were in the previous year. I do not think there is on the record—and I would like to see an examination made—one corporation where an increase in wages has been granted that has not shown in the last several years an increase in profit in the same year.

Q. I am not against increased wages. I think wages should go up with profits, but I am certainly decidedly opposed to the statement that the government of Canada has brought about inflation. When I see Mr. Ilsley sitting in the House who has worked day in and day out with those associated with him to prevent inflation I do not think it is fair to the government and it is not fair to us to say that the government has brought about inflation. It is not true.—A. Is that a question?

The ACTING-CHAIRMAN: No, it is not a question. Mr. McIvor says it is not true and it is not true. That is that.

The WITNESS: I have a very great respect for Mr. McIvor. I have known him for thirty odd years.

Mr. McIVOR: I know Mr. Jackson. I knew his dad, and I know he is sincere, but he knows, too, that when I have something to say I will say it because it is true.

The ACTING-CHAIRMAN: That is what I said. Any other questions?

By Mr. Case:

Q. I should like to ask Mr. Jackson this question. When did you first assume that Mr. Gordon was wrong?—A. I remember filing a brief before the Hon. Mr. Justice McTague in 1941 in which we took issue with the government theory of the relationship of wages and prices. That brief is on record if you care to look at it. You will find the same position taken.

Q. You do believe, however, in a measure of price control?—A. We certainly believe in more than a measure of price control. We believe price control is very essential in this period until production has caught up with the demand that is there at the present time.

Q. Can you think of anyone who might take Mr. Gordon's place?—A. I do not know. I would imagine if the situation was vacant and a good search was made there would be people who could and who would take it.

Q. After all if Mr. Gordon dropped out of the picture it might be pretty hard for his successor.—A. In the trade union movement we do not believe any one person is indispensable, and if Mr. Gordon should leave the job I believe he could be replaced.

By Mr. Johnston:

Q. What if he should die?—A. Exactly; people do die and their places are filled.

The ACTING CHAIRMAN: Is there any one else who wants to ask Mr. Jackson any questions?

Mr. SMITH: I want to question Mr. Jackson but I cannot do what I want to do in ten minutes.

Mr. HOMUTH: I think we had better adjourn.

Mr. SMITH: I want to go over his brief with him.

The VICE-CHAIRMAN: Mr. Smith, from the little round robin I have here you are in the minority. I think the committee will agree to sit for a reasonable time beyond 5.30 in order to get Mr. Jackson away. He does not live here. He has been here for many weeks and he is our last witness, as a matter of fact.

Mr. HOMUTH: Suppose we do not get through with Mr. Jackson by 6 o'clock.

The VICE-CHAIRMAN: We ought to finish within fifteen or twenty minutes.

Mr. MERRITT: I want to say something. I was one of those who was in favour of not sitting tonight, but if Mr. Smith is the last one who wishes to question Mr. Jackson, and nobody else around the table seems to wish to, I would say let us go on and if necessary sit at 8 o'clock and finish it up. Let us sit until 6 now and then sit at 8.

The VICE-CHAIRMAN: We might sit until 6 or 6.15.

Mr. SMITH: My slant on that is this; it is all right to say we are going to be through by 6 o'clock or in a few minutes. You have said that with respect to other witnesses we have had, and it has taken hours in each case.

The VICE-CHAIRMAN: You are the last one this time. No one else wants to ask any questions.

Mr. BLACKMORE: I am not sure of that.

Mr. JOHNSTON: Let us go ahead until 6 o'clock anyway.

The VICE-CHAIRMAN: All right, let us go on as long as we can.

Mr. SMITH: Let somebody else go on.

The VICE-CHAIRMAN: Is there anybody else wants to ask questions? Mr. Smith is the only one who has indicated he wants to ask questions.

Mr. BLACKMORE: Is there any reason why Mr. Jackson cannot be available on Monday? I think personally he has made a very refreshing presentation, and if he can sustain the claim he has made here he will be doing this committee a great deal of good. I should like to see him stay for Monday.

The VICE-CHAIRMAN: Would you be able to stay over until Monday, Mr. Jackson?

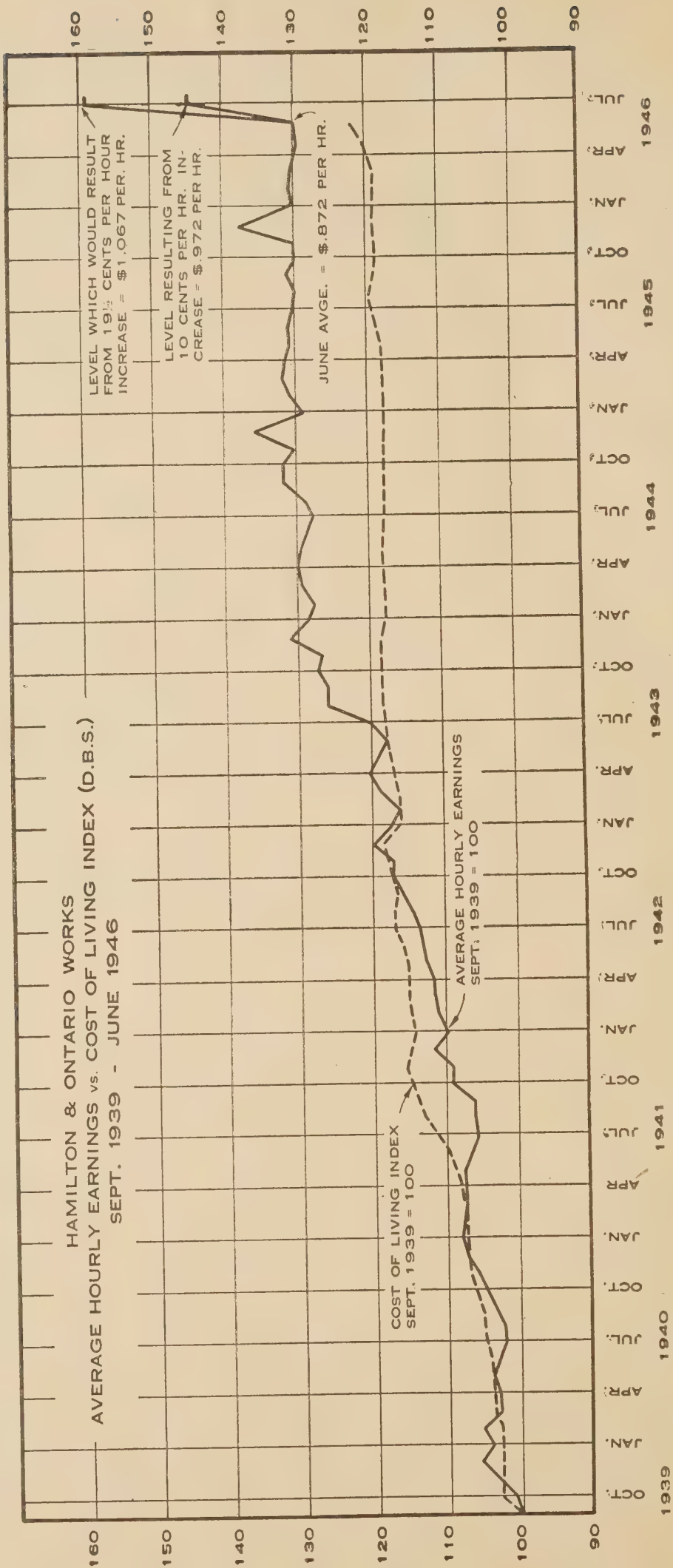
The WITNESS: I do not like to be asked a question of that kind, whether I can be back here on Monday. I never like that kind of a question. I will be here on Monday if you require me.

The VICE-CHAIRMAN: My suggestion was that the witness ought to be permitted to go home; but he likes our company here and he says there is nothing further between us. It has been decided by the round robin that the committee will not sit tonight. That means 11.30 o'clock Monday morning. The committee stands adjourned.

The committee adjourned at 5.25 o'clock p.m. to meet again on Monday, August 12, 1946, at 11.30 o'clock a.m.

APPENDIX A

Chart submitted by the Steel Company of Canada Limited that should have accompanied submission printed as Appendix C to evidence of August 5, 1946.



APPENDIX B

In the matter of the appointment of an Industrial Disputes Inquiry Commission under the provisions of Order in Council P.C. 4020 of June 6, 1941, as amended, to investigate and report upon a dispute "concerning wage rates, hours of labour, payment for overtime and for statutory holidays, premium payment for night work, and other matters usually covered in collective agreements between various rubber manufacturing companies in the Province of Ontario and their employees represented by the United Rubber Workers of America."

The Honourable HUMPHREY MITCHELL, M.P.,
Minister of Labour,
Ottawa.

Dear Sir,—Pursuant to my appointment as Commissioner to investigate and report upon the above matters, under date of May 23rd, 1946, I have the honour to submit herewith my Report:

Ten companies, 13 factories and 13 local unions of the United Rubber Workers of America, were involved in the disputes, as follows:—

Barringham Rubber Co., Ltd., Oakville, Local 292.

Dominion Rubber Co., Ltd. (Merchants Factory), Kitchener, Local 67.

Dominion Rubber Co., Ltd. (Textile Division), Kitchener, Local 296.

Dominion Rubber Co., Ltd. (Tire Factory and Rubber Machinery Shops), Kitchener, Local 80.

Dunlop Tire and Rubber Goods, Ltd., Toronto, Local 132.

Firestone Tire and Rubber Co. of Canada, Ltd., Hamilton, Local 113.

B. F. Goodrich Rubber Co. of Canada, Ltd., Kitchener, Local 73.

Goodyear Tire & Rubber Co. of Canada, Ltd., Bowmanville, Local 189.

Goodyear Tire & Rubber Co. of Canada, Ltd., New Toronto, Local 232.

Gutta Percha & Rubber, Ltd., Toronto, Local 136.

Kaufman Rubber (Ontario) Ltd., Kitchener, Local 88.

Seiberling Rubber Co. of Canada, Ltd., Toronto, Local 118.

Viceroy Manufacturing Co., Ltd., West Toronto, Local 126.

Conferences were commenced on May 29th and negotiations continued until June 21st by which time it was apparent that no further progress could be made despite every effort to bring about satisfactory agreements between the parties.

On June 17th I was advised by Dunlop Tire & Rubber Goods Co., Ltd., and the representatives of the bargaining committee of Local 132, that the matters in dispute had been settled and that a new agreement, to replace the one expiring on June 30th, 1946, was being prepared. I regret to advise that with this exception no other agreements were concluded.

Before setting out my specific recommendations as to the manner in which (in my view) the disputes should be determined, I deem it advisable to indicate the nature of the disputes, and the difficulties encountered in my efforts to bring the parties together.

It is to be noted that the one union—the United Rubber Workers of America—has local unions in each of the named factories. In the fall of 1945 the Strategy Committee of the Union, comprised, I believe, of one or more representatives of each local, adopted the so-called "Seven Point Program" and requests were made through the local bargaining committees to management

in most of the plants, to have the full program adopted. Little if any success was obtained, some companies taking the stand that the demands were excessive, some that their contracts with the Union still had some time to run, and others that they were not engaged in the manufacture of rubber goods or were only partially so engaged. Subsequently, in April and May, 1946, the President of the United Rubber Workers of America from Akron, Ohio, endeavoured to bring all the operators together in one meeting at Toronto in order to deal with this program on an industry-wide basis. The operators declined to attend and, strike votes having been taken in most of the plants, it was proposed to call a strike in all the factories on May 27th, 1946. On May 23rd, following my appointment as Commissioner, the Strategy Committee advised the locals to withhold strike action for the time being.

The "Seven Point Program" is as follows:—

1. Wage increase of 20c per hour.
2. A basic forty (40) hour week.
3. Time and one-half for hours worked in excess of 8 hours per day and 40 hours per week.
4. Time and one-half for work performed on Saturdays.
5. Double time for work performed on Sundays and all holidays proclaimed by Federal, Provincial or Municipal Governments.
6. Straight time pay for holidays proclaimed by Federal, Provincial or Municipal Governments when not worked.
7. Ten cents (10c) per hour bonus for all employed on second and third shifts. (This based on three 8-hour shifts per day).

However desirable the "Seven Point Program" might be considered, I reached the conclusion that in this particular case it could not be approached on an industry-wide basis. A number of the contracts have some months to run and in one case the contract does not expire until January, 1947; and while in the main there are "open end" wage clauses, the existing contracts cover hours of work, payment for statutory holidays, off-shift differentials and the like. Some of the plants are small, one employing about 100 persons, while the largest employs nearly 2,800. Some are located in small areas—Oakville and Bowmanville; others in Kitchener; and still others in Hamilton, suburban Toronto and Toronto. It is well known that wages in the smaller areas are not equal to those in urban centres and the Wage Control Order, P.C. 9384, Sec. 20, provided for comparisons in wage rates on an area basis. It is significant to note that in no case did the union attempt to show that wages and conditions now in effect were below those paid in the plant area. Moreover, the products of these plants are greatly diversified, and what might be considered fair rates for one would be quite unfair in others. Some plants are composite, producing tires and tubes, mechanical goods, footwear or sundries; others produce footwear or sundries entirely; and one, the Textile Division of Dominion Rubber Co., Ltd.; uses no rubber at all. The margin of profit varies greatly, being less in footwear where competition is very keen and much of the output is exported.

At an early stage I indicated my views on the industry-wide approach to the President and General Counsel of the United Rubber Workers of America, who were in attendance from Akron, and I understood them to agree that such an approach was not here practicable. It may be of interest to note that the same effort was made in the U.S.A. by the same organization and while it failed, the union did secure similar settlements with the Big Four in the rubber industry (U.S. Rubber, Goodyear, Goodrich and Firestone) and later was able to apply the pattern with some variations to some, but not all, of the smaller rubber plants. It is to be noted also that on May 27, 1946, the Wage Stabilization Board in the U.S.A. refused to issue industry-wide patterns under the existing stabilization policy for the purpose of forestalling strikes, on an application by the United Rubber Workers of America. In its decision against the Union,

the Board took the position that because the great majority of employers in the rubber industry were opposed to the terms agreed upon by the Big Four, these terms did not constitute a "pattern" for stabilization.

In the disputes before me all the employers were opposed to industry-wide bargaining.

Notwithstanding my direction that the negotiations should continue on a plant basis, it is very clear to me that the failure to reach satisfactory agreements was due to the over-all control of each local union by the Strategy Committee. The bargaining committees had, in effect, handed over full authority to the Strategy Committee, and the evidence clearly showed that even if an offer were made by company representatives, the local bargaining committee had no power to accept it or even to negotiate on it without the approval of the Strategy Committee, which was in daily session throughout.

However fair and proper it may be for local unions to have the advice and assistance of union representatives and officials before completing an agreement, the transfer of authority to negotiate an agreement by those with full knowledge of local conditions and of the desires of their own members, to a composite group made up in the main of representatives of other plants, where totally different conditions existed, was in my opinion unwise and unrealistic. Doubtless it was done for the purpose of solidarity; but for the reasons which I have pointed out above, industry-wide bargaining is not practical in this instance. Repeatedly I was told by members of the bargaining committees that heretofore their relationships with management had been most satisfactory; that the companies had always been willing to negotiate with them in good faith and that in some plants there had never been any difficulties which were not overcome by ordinary collective bargaining. It is worthy of note also that the contracts in existence provided for bargaining with the bargaining committee only and not with or through a Strategy Committee. The Wartime Labour Relations Regulations, P.C. 1003, require the employer and the bargaining representatives *to negotiate in good faith with one another* and make every reasonable effort to conclude a collective agreement. The procedure here adopted by the Strategy Committee is not in my view consistent with ordinary bargaining practices or with the requirements of P.C. 1003.

The extreme rigidity with which the Strategy Committee regarded the "Seven Point Program" is seen in the case of one company which had negotiated a contract in February, 1946, and which resulted in substantial wage increases. The Union stated that in spite of wage increases then given and after discussion of the "Seven Point Program", it still insisted that an additional 20c. an hour should be granted by that company.

On the other hand, I think it fair to say that some of the companies have not approached the negotiations in a realistic manner. The Union's program was presented to the companies as a basis for local negotiations more than six months ago and in a number of cases concrete counter-proposals were never made by management. I am satisfied that a more reasoned approach to the problems involved, rather than a mere rejection in toto of all the requests made, would at that stage have brought about satisfactory results on a plant basis in some cases.

It is not my intention to give in detail the existing wage structure of each company. It is sufficient to say that in every case substantial increases, ranging from 30 per cent to 80 per cent, have been granted since September, 1939, which increases greatly exceeded the increases shown in the cost of living index. In many cases inequalities and injustices have been dealt with satisfactorily, although it is admitted that some still exist.

A general brief was submitted by the Union and some of its contents are of importance—and revealing. Paragraph 4 of Page 1 of the Union brief is as follows:—

The reason for putting emphasis on the importance of the matter is to indicate that this is not any ordinary wage dispute, but involves the setting of a *pattern** for an important industry in view of great changes in the general economic situation based upon the transition to a peace time economy. A pattern will be set not only for the immediate future, but perhaps for many years to come. The ordinary processes of collective bargaining by the representatives of the employees in the plants concerned, and the lengthy procedure of applications to regional and national boards, with the delay that is attendant on such applications, may well be inappropriate to an emergency of this nature.

Under the heading "The Government's Wage Stabilization Policy" the brief refers to Section 20 of P.C. 9384, as amended, and states (Page 6):—

In the present instance the unions are not putting their case on either of the first two conditions under which the National Board may direct an increase, but do vigorously assert that it is reasonable in the circumstances, and consistent with the maintenance of existing prices of goods and services which the employer sells, to grant the increase which they have claimed.

The reasons advanced in favour of the wage increase of 20c. per hour "across the board" are as follows:—

- (a) The existing and *anticipated** increase in the cost of living.—It is suggested that the average worker would require \$3.00 per week more in his pay envelope to maintain his existing standard of living and purchasing power.
- (b) Reduction in take-home pay due to shorter hours worked.—In this connection it is to be noted that in the plants involved hours of work vary from 40 to 48 hours per week. In some cases the hours were reduced at the request of the employees and in others to meet the requirements of the Ontario Statute. In every plant the production is less than the demand, extra employees are needed but unobtainable, due to shortage of skilled labour, housing and/or necessary mechanical equipment.
- (c) Increased productivity of the employees.—In the evidence submitted to me, I found a wide divergence of view between management and employees as to whether output per man-hour has in fact increased in recent years. In any event, I deem it regrettable that when proposals for increasing pay and shortening hours of work are put forward, more recognition is not given to the need for greater productivity, which it is generally conceded must be the basis for improvement in the standard of living.
- (d) Some of the Canadian plants are subsidiaries of American plants where wages are higher.—This is no doubt true in the main but the argument is not convincing. The standard to be attained is that within the Canadian economy, not that existing in some countries where wages are lower or in the U.S.A. where they are higher.
- (e) Wage rates sought by the Union are lower than the minimum standard of health and decent living for the ordinary Canadian family.—This is a sweeping generalization, which in many instances was not borne out by the evidence submitted to me.

* *Italics mine.*

- (f) It is desirable to have a general pattern of "across the board" increases.—Reference was made to the recent settlement in the logging industry in British Columbia and in the International Nickel Co. of Canada, Ltd., in Ontario.
- (g) The companies are, or, in the absence of clear evidence produced by them, must be assumed to be, well able to pay the requisite increases without affecting prices.—On the question of ability to pay, it was suggested by the Union that, because a company was able to pay more, therefore it should pay more. So far as I am aware, under wage control, mere ability to pay has never been considered as a reason for increasing wages. The question of inability to pay is quite another matter and arises only when, on an application to the War Labour Board, an employer alleges that the proposed increase is beyond his power to pay without price relief. In my view the question of ability to pay was not relevant to the issues before me and I declined to *direct* the companies to file evidence as to their financial ability to pay the full amounts requested in the "Seven Point Program", particularly in view of the fact that at the hearings there were present, not only the bargaining committee of the local union involved, but also the members of the Strategy Committee and other Union officials. I saw no reason why such information should be disclosed to many who had no direct concern therewith. I am of the opinion that the question may be appropriately determined when on an application to the War Labour Board inability to pay a proposed increase is pleaded, the Board having adequate staff to satisfactorily decide such questions.

I shall not attempt to discuss in great detail the remainder of the "Seven Point Program". The wage increase is by far the most important matter but some of the others are worthy of consideration. It was generally agreed that the 40 hour week is impracticable in plants where it is not now in effect, that the demand for rubber goods is still high and will so continue for some time. Most of the plants will continue to work for 48 hours and the reduction to 40 hours per week would result merely in further wage increases, the remaining 8 hours being paid for at time and one-half. Some of the plants now have a 45 hour week and others a 47 and 48 hour week. The general trend when production has caught up, will, I think, be toward a shorter work-week.

In some plants off-shift differentials are in effect in one way or another; in some plants statutory holidays are paid at straight time when not worked.

I find some difficulty in stating specifically my recommendations as to how the disputes might be determined, particularly in view of the fact that in each case an application must be made to the Regional War Labour Board for its approval. I do not desire in any way to interfere with the discretion of the Regional War Labour Board for Ontario and my recommendations must be considered merely as suggestions which appear to me, after the fullest consideration of all the evidence submitted to me, to be of such a character that they should commend themselves to the parties in dispute as the general basis for negotiation and agreement, and as a preliminary to an application to the Regional War Labour Board. That Board, in the exercise of its powers, will then have to determine whether such agreements or applications are proper in all respects under the powers conferred on it.

Subject always to the above, therefore, I recommend that the parties in dispute should re-open negotiations on the plant level (i.e., representatives of management and the local union's bargaining committee) and as a basis for the negotiations leading to final settlement I recommend the following:—

- (a) An increase of 8c per hour to all hourly-rated employees represented in the bargaining unit; and an equivalent amount to all others so

- represented who are employed on an incentive or piece-work system. Such amounts should be reduced to the extent that general wage increases have been granted since October 1, 1945.
- (b) That where not now in effect, overtime should be paid at the rate of time and one-half for all hours worked in excess of 44 hours in any one week.
 - (c) That time and one-half be paid for all work performed on Sundays and on the following five holidays: New Year's Day, Dominion Day, Labour Day, Thanksgiving Day, Christmas Day, and on two additional holidays to be agreed upon by the parties.
 - (d) That consideration be given to the payment to hourly-rated and piece-work employees of an amount equal to time lost but not to exceed one standard shift due to shut-down for holidays as follows: New Year's Day, Dominion Day, Labour Day, Thanksgiving Day, Christmas Day, and two additional holidays to be agreed upon by the parties; but subject to the limitation that an employee shall not be entitled to holiday pay for a holiday that occurs during his regular paid vacation leave.
 - (e) That off-shift differentials at the rate of 5c per hour be paid for all work performed between 6 p.m. on any one day and 6 a.m. on the following day.
 - (f) That where better conditions and rates than above now prevail, they remain in effect.
 - (g) That the sum of any wage increases negotiated under clause (a) above and of payment for any holidays not worked, whether heretofore in effect or hereinafter negotiated under clause (d) above, should not exceed an average of 10c. per hour for all employees in the bargaining unit.
 - (h) That increases granted under any of the above clauses should be effective as of June 1st, 1946.

I further recommend that upon reaching an agreement, the parties should make a joint application to the Regional War Labour Board for the approval of such an agreement; and that where the parties fail to reach an agreement, the local union should exercise its rights under the existing Wage Control Order and apply to the Regional War Labour Board for approval of any of its proposals which have not been settled by agreement between the parties.

In making the above recommendation I have endeavoured to give consideration to all the matters submitted to me. Much is to be said in favour of improvement in working conditions—a shorter work-week, payment for statutory holidays and off-shift differentials; and it is to be noted that all of these will result in substantial increases in take-home pay, particularly when overtime is worked, as will likely be the case for some time. At the same time, I cannot agree that excessive increases in basic wage rates, doubtless resulting in applications for price increases, can be helpful to the employees and the public as a whole.

All of which is respectfully submitted.

JUDGE J. C. A. CAMERON,
Commissioner.

June 26, 1946.

APPENDIX C

In the matter of the appointment of an Industrial Disputes Inquiry Commission under the provisions of Section 8 of Order in Council P.C. 4020 of June 6, 1941 as amended, to investigate and report upon a dispute between Brunner, Mond Canada, Limited, Amherstburg, Ontario, and its employees represented by Local 89, International Union, United Automobile Aircraft and Agricultural Implement Workers of America.

The Honourable HUMPHREY MITCHELL, M.P.,
Minister of Labour,
Ottawa, Ont.

Dear Sir,—Pursuant to my appointment as Commissioner to investigate and report upon the above matter, under date of July 24, 1946, I have the honour to submit herewith my report:

On Friday, July 26, 1946, Mr. J. B. Aylesworth, K.C., representing the Brunner, Mond Company, and Mr. Gerard Foley, International Representative U.A.C.—C.I.O., representing Local 89, attended before me for a preliminary discussion of the matters involved in this strike.

Mr. Aylesworth gave a comprehensive review of the company's position, past and present; Mr. Foley contented himself by replying to one of two matters and asked permission to file a memorandum setting forth the workers' position.

I now report to you, as briefly as it can be safely condensed, Mr. Aylesworth's able presentation of his client's cause:

The four points concerned in past negotiations had included:—

- (1) Wages;
- (2) Union security;
- (3) Two weeks' vacation with pay for employees with one year's service;
- (4) A shorter work week than the present 48 hours.

Mr. Aylesworth classified the present strike as quite illegal, stating the collective agreement between the company and the union prohibits strikes on the part of the workers unless grievance procedure has been followed and unless authorized by the international board. The authorization from this body, which was subsequently filed with me, contains this provision: "This action is taken on the assurance that all requirements of the international constitution and applicable federal and state statutes have been met." The provisions of the Wartime Labour Relations regulations had been ignored, it was contended in the requirement that wherever a collective agreement exists no strike action is to be taken until one or other of the parties has applied for the appointment of a conciliation officer and following failure of settlement by him a conciliation board and then not for 14 days following the report of the board.

This strike commenced on July 12. Owing to the manager's absence from the city, no negotiations between the company and the union were entered into until after his return on July 15. Mr. Aylesworth outlined to me what had occurred then at a meeting between Mr. G. R. Zimmer, the general manager, Mr. Foley and himself, at which he had emphasized to Mr. Foley the company's concern regarding limekilns which were then going out, with the danger of serious damage to them and the inevitable delay of at least two weeks required to relight and recondition them.

Mr. Aylesworth reported that at that meeting he made an offer of a flat ten cents per hour "across the board" increase, subject to the necessary approval of the regional board and to be effective retroactively to the date upon which the union membership accepted the company's offer.

Regarding vacations, it was the company's contention that they were ahead of the prevailing practice in this district, their policy providing for one week's vacation for all employees and two weeks' vacation for employees having five years' service.

As to a shorter work week, the company advised Mr. Foley at that time it was in sympathy with such a movement but believed it was impracticable at the present time, owing to the labour situation. When that situation improved, however, the company was willing to negotiate with the union in an endeavour to complete some arrangement that would permit a shorter work week.

As to union security, the company was not prepared to accept any form of union security.

Mr. Aylesworth informed me it was clear to him at that meeting there were only two real matters in issue, namely wages and union security.

Mr. Aylesworth then proceeded to advise me of the company's present position as follows:—

(1) The union had accompanied its twenty-four hours notice of a strike with a memorandum from the policy committee setting out precisely who would and who would not be allowed access to the plant, and under what conditions access would be permitted by the union and its pickets;

While office workers were allowed to continue their work, they could not gain admittance without producing proof of their identity satisfactory to the pickets.

(2) The union had refused to accede to the company's request to find some solution as to the kilns and they had gone out;

(3) Foremen were not permitted access to the company's premises;

(4) Before the strike the company had published its annual vacation schedule. The members of the plant protection staff are not included in the bargaining unit. They were permitted to remain on duty. Some of them are due for vacation. The union refused to permit substitutes from other employees to take their places. This was disrupting the whole vacation schedule to the point where the company would have to consider stopping the sending of vacation cheques to those on strike who were entitled to vacation pay.

This entire situation, Mr. Aylesworth stated, resulted in instructions being given him by his clients to advise this commission as follows:—

(1) The company will not negotiate at all with representatives of the union until after the illegal practices now being carried on by the union pickets are discontinued, namely, no further interference with the plant protection substitutions for vacation purposes, access to the plant by the company's foremen, access to the office and other premises of the company by those legitimately seeking access for the purpose of transacting whatever business they have with the company.

Although the company is well aware that it is not compelled to do so, it quite freely is prepared to assure the union that in such circumstances, that is, in the circumstances of proper legal picketing, during the continuance of the strike no production work will proceed in the company's plant;

(2) It follows that the company will not negotiate with any representatives of the union unless and until an arrangement has been made with the union whereby regular employees from the limekiln group, together with proper supervision thereof, are called in on a three-shift basis to relight the kilns and maintain the kilns until the waste material

has been eliminated from them and they are going in normal fashion, and also that when that point is reached, that the kilns during the strike be maintained by such employees on a one-shift plan as will be sufficient.

(3) When legal picketing is established and maintained only within legal limits, when the kilns are dealt with in the manner just described, the company's position then will be that its offer of ten cents an hour, with no strings attached to it, save the strings as to the necessary approval of the authorities, and retroactive to the date of acceptance by the union membership will be implemented by the company. This will leave the parties free at any time subsequent to the effective date of the ten cents increase to negotiate with respect to wages and possible further increases as the parties may be advised.

(4) The company's position will remain unchanged as to union security. The company, on that point, sees no need in this particular plant and in all the circumstances for so-called union security of any type. This union has been established as the bargaining agency in this union. For a number of years relations have been very harmonious. There are, however, employees of the company, many of them skilled employees, who will not remain in the employ of the company if they are compelled by action of the company (and they say also if they are compelled by law) to have union dues checked off from their wages.

Under present circumstances it would be a crippling blow to the important production of this company to lose the services of a number of those skilled men.

For this reason and for reasons of the general principle involved, the company cannot accede to the granting of union security.

Mr. Aylesworth concluded by stating he had personally pursued the subject of union security with his clients to the point where he was completely satisfied as to the sincerity and firmness of the position they took. He could see no hope at the present time, short of compliance with a law which might become effective compelling an employer to grant this "so-called type of union security", of the company voluntarily doing so.

Mr. Aylesworth further wished recorded his whole-hearted subscription to the views and statements made by Mr. Justice Roach before the House of Commons Industrial Relations Committee, believing that in this plant, as well as in other plants, the unions have become the masters rather than the servants of the workers. Mr. Aylesworth deplored the situation where a few officials of the union, in high places, should be able to decide what will or will not be accepted as a settlement of current disputes that involve such a local with which the Brunner Mond has collective bargaining arrangements.

Mr. Aylesworth doubted the local in question could comply with what his understanding of negotiating meant, inasmuch as he did not think they had the authority to implement anything undertaken by them.

It was further urged by Mr. Aylesworth that I should recommend in my report to you that a secret ballot be taken, under government supervision, to permit a decision "by the employees themselves" on the offer of ten cents increase in wages.

Mr. Foley asked that his immediate silence on the points raised by Mr. Aylesworth not be taken as agreement with their accuracy.

Mr. Foley did claim that Mr. Aylesworth knew, or should know, that the temper of those on strike at this plant would not permit him to go to them with the suggestion that there should be a secret ballot taken on the question of wage increases alone; that thus treating their demand for union security as a triviality would only aggravate the present situation.

On Saturday, July 27, Mr. Aylesworth attended with Mr. G. R. Zimmer, the General Manager of the Brunner, Mond Company, Amherstburg. This

meeting was not productive of anything beyond what had been previously stated by Mr. Aylesworth. In confirming the company's apparently unchangeable opposition to any form of Union security, Mr. Zimmer stated that certain employees in what he described as the "highly skilled groups" were prepared to leave the company's employment before they would submit to wages being checked-off their wages for union dues.

Mr. Zimmer expressed considerable concern about the limekilns. I advised him it was my intention to explore that particular situation with the negotiating committee in the hope of finding some immediate solution.

At this meeting I was advised by Mr. Aylesworth the company would never consent to any form of arbitration of the differences existing.

On Monday, July 29, the five members constituting the negotiating committee, together with Mr. Foley, attended before me. These men made a very deep and favourable impression upon me. Their average term of service with the company was twenty-three years. For at least two hours I questioned and listened to their grievances. They appeared reasonable men, quick to speak highly of Mr. Zimmer personally, but regretting his limited authority. I was informed that Mr. Robert W. Atkinson, sales manager of Brunner, Mond of Canada, Montreal and Mr. Carlton Bates, director of operations, Solvay Process, Syracuse, N.Y., really decided all major policies.

These workers appeared men honestly puzzled at the company's objections to what they viewed as not unreasonable requests, having in mind what other workers are enjoying in this district.

I was rather amazed to learn from Mr. Foley that in the comparatively short time since it had been put into operation at the Ford Motor Company of Canada the Rand formula had also been adopted by the following companies in this city: Bendix, Eclipse, Walker Metal Products, Motor Products Corporation (completed but not yet signed), Truscon Steel (offered in present strike), Chrysler Corporation (offered in present strike with one modification), Auto Specialties, Gotfredsons (completed and awaiting signatures), Backstay Standard, Champion Spark Plug, Dominion Forge, Eaton-Wilcox, Rich, Fiber Products, Gar Wood Industries and others.

From this meeting I gained a clear impression that this was not a union inspired strike. These men spoke at length (and particularly about this was there real bitterness apparent) of the difficulties they had encountered trying to renew their agreement with the company after it had expired last November. I was given an extract from a statement published by the president of the union on July 4, as follows:—

The amendments to our contract were in the hands of company officials on September 14, 1945. This was done according to the provisions of the contract. The company is required to be prepared to negotiate these amendments not later than October 15 of the same year. Changes should have been in effect by October 31, 1945. We were notified that the company would start negotiations on November 6, 1945, when they did give us from 10:00 a.m. to 12:00 noon, then adjourned until November 13, 1945, and then gave us only two hours. They did not arrange another meeting until November 20, 1945, when they gave us another two hours. This carried on until recently when the time between those two hour meetings were increased until we were lucky to sit in negotiations with the company once in six weeks, and even then to bargain on such small items in the contract that should have been settled in one hour at any one of the meetings. It has been one stall after another all through our negotiations, showing that the Brunner, Mond, Canada, Limited are not prepared to bargain on any subject and do so in good faith. For example on the question of union security the answer was always 'not for the present' and check-off was included in

this. This was still the answer after the Rand formula was in effect at the Ford Motor Company after the employees of that company had fought for one hundred days.

The answers on all other amendments were no change in two cases and to be considered in three cases. This sort of thing has confronted the Negotiating Committee since last September.

These workers made it very plain to me that any future arrangement with the company would have to include some assurance against a recurrence of their experience since last November.

At this meeting Mr. Foley stated he believed the members of the negotiating committee had sufficiently answered the original claims made by Mr. Aylesworth. He only desired to add that the form of the authorization from the international board was that used in the United States and its reference to "federal statutes and laws" had no application in this country.

I then suggested some modification of their stand regarding the important limekilns. After a general discussion in which those present expressed their personal desire to do anything the commission suggested that would advance the situation closer to a conclusion, they did advise me of the doubt they entertained of their ability to convince the membership of the wisdom of the plan suggested to recondition, relight and maintain the kilns contingent upon the company simultaneously commencing negotiations. The workers were apparently singed in distrust.

Late Tuesday night, however, I received the following telegram:—

Confirming our telephone conversation of July the thirtieth stop For the preservation of food stuffs that are so necessary for the maintaining of public health and the preventing of any further shutdown in industry affected, thus creating any further unemployment in which the production of soda ash is so essential the policy committee recommends to the general membership of local 89 UAW-CIO that we notify you Magistrate Hanrahan the Commissioner appointed that local 89 UAW-CIO are prepared to reopen and maintain the kilns of the Brunner Mond Canada Limited with those employees normally and necessary to perform this operation provided and on the same day the company sits down to negotiate faithfully with a view of settling our dispute provided further however that in the event negotiations break down local 89 UAW-CIO will not guarantee any further maintenance of the company's kiln.

(Signed) GERARD R. FOLEY,

International Representative.

Early Wednesday morning I advised Mr. Zimmer and Mr. Aylesworth of the offer that had been made. At noon I received the following letter:—

✓ DEAR MR. HANRAHAN:—Re Brunner-Mond Canada Ltd.—

As Commissioner appointed by the Dominion Government to enquire into and report on the Brunner Mond strike, you telephoned to us this morning the contents of a telegram received by you and dated the 30th instant from Mr. Gerard Foley, International Representative, UAW-CIO. This telegram states that the policy committee of the union recommends to the general membership of local 89 that the committee inform you, as Commissioner that local 89 'Is prepared to reopen and maintain the kilns..... provided that on the same day the company sits down to negotiate provided further in the event negotiations break down, local 89 will not guarantee any further maintenance of the kilns.' We have, of course discussed the contents of this telegram with our client.

Since a full statement of the company's position in this entire matter is already on record with you as Commissioner, we need not restate it here. Mr. Foley's telegram in the opinion of the company offers no acceptable formula for advancement of the situation. His telegram, in effect, constitutes an offer to permit the company to restart and maintain its kilns, a right which the company already has but it is being prevented from exercising to the detriment of all concerned by the illegal picketing carried on by the union. Mr. Foley's telegram also contains a threat on the part of the policy committee of the union that, if negotiations do not proceed to suit them, then at the pleasure of the policy committee the company again would be illegally prevented from maintaining its kilns.

The company is not prepared to acquiesce in any such fashion in the present illegal deprivation by the union of the company's right to maintain its property. May we also recall to you that although the company is not required to do so, it has voluntarily given the assurance from the inception of this strike that during the continuance of the strike it would not attempt to engage in production.

Yours truly,

BARTLET, AYLESWORTH & BRAID,

per JOHN B. AYLESWORTH.

At this time Mr. Aylesworth advised me he was leaving for a vacation.

I later held a telephone conversation with Mr. Zimmer in which I confirmed the information I had received from the negotiating committee that Messrs. Atkinson and Bates would definitely be concerned in the formulation of any company policy concerning union security.

Having come to the conclusion that further efforts would have to be directed to the absent officials, I then prepared and sent you the following telegram:—

Brunner Mond Company has steadfastly refused to negotiate concerning the one really controversial point remaining in this dispute, namely, some form of union security for workers.

After considerable effort, and in a commendable spirit of cooperation, the negotiating committee of employees and Mr. Gerard Foley, International Representative U.A.W.-C.I.O. first through policy committee and then at a special general meeting of members called yesterday for that purpose obtained permission for me to submit the following offer to company: That upon company consenting to negotiate in an effort to reach an amicable solution a sufficient number of employees required to relight and maintain important limekilns at present cold would return to work. In minds of workers this is a concession comparable to relighting furnaces at Ford's during that strike. Immediate start on reconditioning these important units would bring ultimate commencement of production ten days closer. The company through counsel Mr. J. B. Aylesworth, K.C., has rejected the offer with a resolute no.

The contract between this company and workers expired last November. Amendments suggested by employees were submitted last September. Members of negotiating committee complain very bitterly of what they describe as the disheartening delaying tactics of company from then until July of this year which prevented a new agreement being completed and finally made strike action imperative. This is a factor that has undoubtedly contributed to the present very firm demand for some form of union security and warrants the conclusion that it comes from deeply affronted employees rather than having been inspired by union officials. The term symbolizes for them something that includes a future

safeguard against their position as an equal party to a mutual agreement being similarly and as they view it arrogantly ignored. This conclusion is based upon expressions from the five employees constituting the negotiating committee, solid decent citizens of the Town of Amherstburg having an average of twenty-three years' employment with this company and very definitely not what is commonly thought of as the agitator type.

The general good will and earnest desire of this local to act fairly with the company is further evidenced by the fact that when this strike was called no objection was taken to main office staff, engineers of pump-house and purification plant, boiler room and engine room, engine crew to haul coal, crane operators to load cars of coal and remove ashes, the chief engineer, the fire protection chief and the chief electrician for safety remaining on duty. As you are aware this is somewhat contrary to local practice. The company does object to what they describe as illegal picketing.

I have telegraphed appeals to Mr. Robert W. Atkinson, Sales Manager of Brunner-Mond of Canada, Montreal, and to Mr. Carlton Bates, Director of Operations, Solvay Process, Syracuse, N.Y., whom workers believe are really determining company policy in this matter for a modification of their instruction to Mr. J. B. Aylesworth, K.C.

This situation of absentee policy makers who apparently have given their able counsel inflexible instructions to say no to all suggestions as to some form of union security makes further conciliation efforts with him regrettably futile.

Should my latest effort prove unproductive I shall immediately forward you my final report setting forth in greater detail all points involved in my recommendation.

After setting forth this telegram to you my telegram to the two company officials mentioned contained the following: Quote:—

During the negotiations I have inquired and learned that the Rand formula in operation at Ford of Canada is apparently giving mutual satisfaction. In view of grave situation being created in Canada because of this strike I earnestly ask you to consider even a modified form of union security which you might remember is much more general in industry in this district than perhaps in other parts of Canada, a fact your employees of course appreciate.

I would also emphasize as my considered opinion that your workers are the real strikers in this matter and that it has not been a dictated disruption of employment.

On Friday, August 2, I commenced drafting this report. I have completed it to-day, Saturday, August 3, and as yet have had no reply to either of the telegrams sent to Messrs. Atkinson and Bates.

My recommendation to you is that this matter is of sufficient importance that you should personally intervene, as you so successfully did in the Ford strike, with a view to persuading company officials to submit the whole question to arbitration. I have no doubt this suggestion would be quickly accepted by the workers.

In conclusion I wish to express my grateful appreciation to Mr. J. B. Aylesworth, K.C., and to Mr. Gerard Foley, for their able assistance to me. Their conduct in this matter left nothing to be desired and made my task of gathering these facts for you so much easier than less careful preparation and clear presentation on their part would have permitted.

All of which is respectfully submitted.

(Sgd) J. A. HANRAHAN,
Industrial Disputes Commissioner.

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SESSION 1946
HOUSE OF COMMONS

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 20

TUESDAY, AUGUST 13, 1946

WITNESSES:

Mr. Pat Conroy, Chairman, Wage Co-ordinating Committee, Canadian Congress of Labour, Ottawa, Ont.

The Honourable Humphrey Mitchell, Minister of Labour, Ottawa, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

TUESDAY, 13th August, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Howe, Johnston, Lalonde, Lockhart, Merritt, MacInnis, McIvor, Mitchell, Raymond (*Beauharnois-Laprairie*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

The Chairman read a letter from the Independent Steelworkers' Association, of Hamilton, Ont., and referred to two briefs received by him viz. from the Independent Union at Canadian Westinghouse, Limited, and from Canadian Industries, Limited. All three communications were printed into the record.

The Chairman presented a Ninth Report from the Subcommittee on Agenda recommending that, commencing today at 3.30 p.m., the Committee sit in camera.

On Motion of Mr. Croll,—

Resolved,—That the Ninth Report of the Subcommittee on Agenda be concurred in.

Mr. Pat Conroy was recalled and examined on a submission presented by him on August 8, viz. "Price Increases tell Story of Steady boost in Cost of Living", as printed on pages 830 to 837.

In the course of the examination of Mr. Conroy, on motion of Mr. Croll,—

Resolved,—That the Dominion Bureau of Statistics Index Numbers of the Cost of Living in Canada, as appears on page 842 of *The Labour Gazette* for June, 1946, be printed into the record. (*See Appendix A to this day's evidence*).

Mr. Lieff filed a statement showing cost of living items at Hamilton, Sault Ste. Marie and Sydney, June, 1946. (*See Appendix B to this day's evidence*).

Mr. Conroy retired.

The Honourable Humphrey Mitchell, Minister of Labour, was recalled, further examined and retired.

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m. this day.

The Committee resumed at 3.30 o'clock p.m., in executive session. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Belzile, Blackmore, Bourget, Case, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Howe, Johnston, Lalonde, Lockhart, Merritt, MacInnis, McIvor, Mitchell, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

The chairman announced that Mr. Brockington hoped to be able to meet the Committee tomorrow afternoon.

Discussion followed in respect of the preparation of a draft report. It was the opinion of the Committee that the Subcommittee on Agenda should give immediate study to this question.

The Committee adjourned until Wednesday, August 14, at 11.30 o'clock a.m.

JOHN T. DUN,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

August 13, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 o'clock a.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: Order.

I received a letter from the Independent Steelworkers Association, Hamilton, which I desire to put on the record:—

(Temporarily inside Stelco Plant)
Hamilton, Ontario,

August 9, 1946.

Mr. MAURICE LALONDE, M.P.,
Chairman Industrial Relations Committee,
House of Commons,
Ottawa, Ont.

We, the Independent Steelworkers Association representing some 2,800 men inside the Stelco Plant at Hamilton, are keenly interested in the proceedings now taking place at Ottawa regarding any plans for settlement of the labour dispute between The Steel Co. of Canada and the United Steel Workers of America, Local 1005, who are now on strike illegally according to the order in council P.C. 2901 which was brought into being on July 12, 1946.

We, the above named Independent Steelworkers Association do hereby claim that the United Steel Workers of America, Local 1005 do not represent or control a majority of the employees of the Steel Co. of Canada, Hamilton and Ontario Works. We also claim that by going on strike illegally they broke any contract which may have existed between themselves and the said Steel Co. of Canada.

We therefore request that you suggest the men return to work, and that a vote be taken as soon as the same can be arranged to definitely establish which organization has the greater following and thus determine which is entitled to the bargaining rights.

Trusting this request will meet with your approval and that action will be taken at the earliest possible moment.

We remain,

Yours very sincerely,

Independent Steelworkers Association,
(Sgd.) E. BARKER, *President*.

I have also before me two briefs, one coming from the employees of the Independent Union at Canadian Westinghouse Limited, signed by Mr. Seymour; also, a brief presented on behalf of Canadian Industries Limited. Your steering committee has decided that these briefs should be put on the record. I have copies here for the members of the memorandum submitted by the Canadian Industries Limited.

HAMILTON, ONTARIO,
July 25, 1946.

To the Chairman,
Parliamentary Committee on Industrial Relations,
Ottawa, Ontario.

This submission is made by an independent union of employees to draw to your attention and the attention of your committee the plight and case of the members of independent unions in Canada, the members of other unions not affiliated with CIO and the vast majority of Canadian workers who do not see fit to associate themselves with any union.

While it is agreed that the proceedings before your committee have been instigated or necessitated by the unlawful actions of CIO organization the fact is that the proceedings before your committee and the decisions of your committee will of necessity affect directly all the industrial workers of Canada and indirectly the population at large.

We assert that a certain group of persons who at the best can speak for a very small minority of Canadian workers are in effect purporting to speak for all Canadian labour and to force through measures of their design directly affecting all Canadian labour and the public at large. This very small minority by illegal acts bring about a situation calling for action and from the reported proceedings of your committee it would seem that some of the members of the committee dominating the proceedings and the discussions, ignore not only the actual facts that bring about the crisis which gave birth to the committee, but also the major issues that affect the whole people of Canada.

We state as a fact that these people appearing before your committee as labour leaders do not in fact even represent the true attitude of the people they purport to represent, and it is noticed with alarm that some of the members of the committee now endeavour to tie down to the spoken words of a chosen few malcontents the attitude and policy of labour in Canada at large.

We back our assertion as to the purported representation of these people who have set themselves up as the spokesmen for labour by the fact that on a government vote these people do not even represent a majority of the workers of the Steel Company of Canada, in which plant the crisis was precipitated. Your committee has apparently ignored this fact and has accepted these people not only as voicing an opinion and policy of all the workers in the plant of the Steel Company of Canada but also of all Canadian industry.

Furthermore, we would point out that the whole CIO organization even if we take for granted that these people speak the mind of the CIO members (which they do not), only cover 10 per cent of the wage and salary workers in Canada. Our independent unions cover 6.1 per cent, A.F. of L. unions cover 10.5 per cent and 73.4 per cent of the workers in Canada have not seen fit to be affiliated with any union. Also please remember that less than one-third of the wage and salary workers in Canada find employment in manufacturing.

The working people of Canada want first, security against inflation, security against the kind of inflation that makes strawberries in the United States, a mile from the Canadian border sell for 69 cents a quart as against 30 cents a quart in Canada. Security against the kind of inflation that will assuredly destroy Canada's export opportunities. No hours of labour or wage rates has ever compensated the working man for the reduced purchasing power of an inflated currency—or ever will.

The workers in Canada at large know that for its population Canada requires tremendous exports to maintain industrial activity. They know that three out of eight industrial employees rely on export activities for their livelihood. They know that we are on the commencement of a terrific world wide struggle in competitive exports. They know that it is the purchasing power

of a dollar in Canada for the substantial things of life and not any theoretical hourly wage that is of importance to the working man. All these things have been set out by the government of Canada and far reaching steps have been taken by the government of Canada to ensure the working man of Canada a relatively high purchasing power for his dollar and with it a relatively favourable opportunity of producing goods that can be exported in competitive markets.

The government of Canada put these measures into effect at the commencement of the war and did a much better job than our neighbours to the south, by their own admission. The government of Canada was re-elected on this policy by the votes of the whole of the wage and salary workers in Canada not by a 10 per cent vociferous minority that now seeks to destroy the fruits we have gained from five years of restraint and planning.

The government of Canada represents the people of Canada and your parliamentary committee must uphold the policy bespoken by the government and upon which it was elected. If this parliamentary committee delegated by the parliament of Canada is tricked or coerced by this lawless, forceful, and vociferous minority into destroying the economic planning that has caused Canadians a great deal in restraint and observance of the policy for betterment in the long run, it is a direct betrayal of the votes that elected that parliament.

The labour people in Canada at large want to know right now and want an expression of those members of the committee who are dominating the discussion whether they stand for law and order and observance of the law by every one, or whether they are opportunists who to gain their ends, (or the ends of a minority that they represent), countenance defiance of the law, lawless actions and pressure tactics. If these people will speak out and let the people of Canada know what they stand for, the people of Canada will know how to deal with them when it comes to re-electing representatives to govern the country.

The average working men are much better informed on the economic situation of this country than politicians apparently give them credit for. The average working men in this country are also able to discern political manoeuvres more quickly than they appear to be given credit for. The average working men in this country are vitally interested in the issue before your committee and in the results that will come from it, and the average working man sees in the formation of your committee that in the first instance the government resorted to a measure that they believed would check ruthless pressure tactics to destroy the economic principles against inflation by making such tactics against the law; that when the measure was openly defied it became embarrassing to the government because from a political point of view they might hurt some feelings by enforcing the law,—that an opportunity to divest itself of the responsibility in the matter came through the suggestion of an opposition member of the formation of your committee,—that the opportunity was seized on with alacrity as a means of avoiding responsibility in the matter, and that regardless of the outcome of the proceedings of your committee the government can blame the results on the opposition. Such political tactics do not find favour with the working men in Canada. The working man in Canada stands up ten for one against these CIO representatives who care nothing for the future but only for their power of today.

The working men of Canada demand that the government in the first place and as a prime requisite demand observance of the law, for it is of small consequence that we of Canada should brag about the famed north-west patrol enforcing observance of law and order in the remote parts of the north if the government of Canada acquiesce in defiance of the law under the very steps of parliament and give audience to and entertain the representations of law breakers, the representatives of law breakers, and the exponents and advocates of anarchy, in the formal committee matters of government procedure.

The people of Canada are proud of the law abiding aspect of their citizenship. The people of Canada have responded on every occasion against the taunts and tactics of tyranny and anarchy. The people of Canada have given of their money and of their blood that law and order shall be observed not only within the confines of the Dominion of Canada but throughout the world and for a committee of the parliament of the Dominion of Canada to tolerate and acquiesce in defiance of the law and acts against the law, and advocacy of such procedure, is an insult to a free people, a condescension to vociferous pressure tactics and the adoption without the sanction of the people of Canada of government by force, political intrigue, and methods practised by countries whose whole economy and attitude we as Canadians hold with disdain.

The issue is clear, Mr. Chairman, and the results of your deliberation will be historic. Many years ago the Fathers of Confederation met and set down a scheme of living for the people of Canada. That scheme of living called for, as a primary requisite, the observance of the laws of the land. Their names have gone down as illustrious and respected names in history. Your committee sits at another critical time in the history of our people and the names of your committee will go down in history either as carrying forward those sound and fundamental principles of Canadian citizenship that have made us an admired and respected people throughout the world, or as laying the ground and sowing the seed of that kind of disregard of the law, opportunism, misrepresentation, anarchy and tyranny that has sullied the history of less fortunate peoples.

The workers of Canada have obeyed the law with the exception of a very small minority. The workers of Canada have responded with loyalty and enthusiasm to the economic principles laid down by the government to guard against inflation. The workers of Canada have seen and now see the economic problems that beset us and from which we will either grow stronger or live in chaos. The workers of Canada are looking to the government of Canada to enforce the law without fear and without evasions from the Atlantic to the Pacific, and from the rivers unto the ends of the earth as was conceived in choosing the word "Dominion" to designate our political federation.

This is the first issue, otherwise the government of Canada is in contempt, not only in Canada but throughout the world. That which is to be gained or accomplished in this country is to be gained within the law and not otherwise, and those few who attempt to upset our economy not only do not represent the people they purport to represent but they do not represent the vast majority of Canadian citizens who elected the government, who delegated your committee to take action within the laws of this country and on the promises and on the policy upon which the government of Canada was elected by the people who are now being given no voice in the proceedings.

As a last, and I hope portentous consideration, will you please remember that not only has the working man of this Canada been guaranteed the right to strike but he has also been guaranteed the right to work and by the action of the Dominion of Canada tolerating unscrupulous and unlawful acts at the instigation of these few disrupters of the public peace, literally tens of thousands of Canadian workmen have been deprived of their right to work against their wishes, have been deprived of their livelihood, have been forced to rely on their savings that were made at the instigation and suggestion of the government of Canada, but they are forced to deplete these savings not for the better things and the comforts that the government held out as a promise and argument for savings, but for their daily existence because these merchants of strife in defiance of the laws of the land and the laws of sound economics have usurped the place of the government, dictated to its representatives, and now tainted with gross injustice and lawlessness jauntily prefer their claims before your committee as the spokesmen for Canadian labour, which they are not and never have been, and unless by betrayal of your duty as representatives of the people will never be.

This is no time for politics, this is no time for expedients. The members of your committee must forget these trivial things and become statesmen worthy of the name and governed in their decisions by the will of the people at large not the petulant voices of an arrogant, stubborn and vociferous minority of such trivial numbers as to be insignificant but of such strategic importance by reason of occupation as to be capable of throttling the nation in its struggle for rehabilitation, economic survival, and maintenance of a higher standard of living for all, instead of a disproportionate advantage for a greedy few.

We want our basic right to work recognized and enforced without reservation. We want the optimum in wages commensurate with a long range program for prosperity without depressions. We want above all that the law of the land be observed and enforced by and for all the people.

EMPLOYEES' INDEPENDENT UNION AT CANADIAN
WESTINGHOUSE COMPANY LIMITED

R. G. SEYMOUR
President.

MEMORANDUM SUBMITTED BY CANADIAN INDUSTRIES LIMITED
WITH RESPECT TO ITS OPERATIONS AT WINDSOR, ONTARIO,
AND WITH RESPECT TO REPRESENTATIONS MADE BY THE
UAW-CIO TO THE STANDING COMMITTEE ON INDUSTRIAL
RELATIONS

The dispute at Windsor, Ontario, between Canadian Industries Limited and its hourly rated employees as represented by the UAW-CIO, Local 195, affects two plants; the Salt Plant and the Electrolytic Caustic Soda and Chlorine Plant. The memorandum of the UAW also deals with the soda ash plant of the Brunner, Mond Canada, Limited at Amherstburg, Ontario. It will be understood by the committee that Canadian Industries Limited has not and never has had, any interest whatsoever, directly or indirectly, in the Brunner, Mond Company. This brief does not, therefore, refer in any way to the matters between that company and the UAW, Local 195.

There are seven salt plants in Canada, of which two are owned and operated by C-I-L. The remaining five are owned by four separate companies in no way connected with C-I-L.

There are in Canada five plants manufacturing caustic soda and chlorine by electrolytic processes, of which three are owned and operated by C-I-L; one of these is the plant at Windsor presently involved in a strike. This plant produces caustic soda, chlorine, ferric chloride, bleaching powder and ammonia.

WAGES.

In his statement of 10th August to the committee, Mr. G. Burt referred to the minutes of a meeting between the company and the Union Negotiating Committee held on 3rd June, 1946, quoting the company's representative as follows:—

The union is familiar with the wage control orders and must recognize that in making a request to the Regional War Labour Board for increases in hourly rates, the onus is on the applicant to show that the existing rates are low by comparison with the rates paid for comparable jobs in the community. Although the union has presented no such proof, we ourselves have completed a survey of rates paid at some thirty plants in the community, excluding only the three automotive plants, and we find that the rate currently paid to labourers in this plant is low by seven cents per hour, and the rate currently paid to machinists in this plant is low by thirteen cents per hour.

This extract was only part of a paragraph of one minute and was removed from the context of a lengthy set of minutes which went on to state that the company proposed to increase these and all intermediate rates to be equal to or somewhat higher than the average rates paid for comparable jobs in the community, and to this end it would seek approval from the Regional War Labour Board, before which tribunal the union could make its own case for still higher wage rates.

The effect of instituting the increases referred to would have raised the minimum hourly rate in the electrolytic plant from 70 cents to 77 cents per hour, and would have been equivalent to an average increase of approximately 8 cents per hour, which would have raised the average hourly rate from 83 cents to 91 cents per hour.

The minutes of a subsequent meeting held on 20th June, 1946, disclose that the company's representative informed the union that the company's wage offer would give employees from \$3.60 to \$7.20 per week more than the weekly earnings resulting from the union's demand of an increase of \$2.00 per day and a 40-hour week. Again on this date the union was urged to let the regional board decide between the company's offer and the union demand. At that meeting it was also pointed out to the union that acceptance of the company's offer would result in the majority of employees receiving more per hour than employees of other employers in the community with the exception of the three automobile companies. Few jobs in the chemical industry are comparable in content with jobs in the automobile industry. Furthermore C-I-L gives steady employment throughout the year whereas the automobile industry has been subject to seasonal fluctuations under normal conditions which have been reflected in the wage rates. Mr. Burt himself confirmed this before the committee.

The strike started on 27th June, and subsequently a commissioner, Judge Alexander Cochrane, was appointed. He was authorized by the company to offer a further increase in the wage proposals previously made to the union. This last offer would have the effect of increasing the minimum hourly wage rate by 10 cents per hour to 80 cents per hour, equivalent to an increase of 40·9 per cent from August, 1939. Of the 327 employees in the electrolytic plant only 42, largely janitors and coal handlers and 7 apprentices, would be receiving the minimum rates of 80 cents per hour.

At current wage rates, the average annual earnings of the employees are \$2,042. The result of the increases offered by the company raises the average annual earnings to \$2,286, with minimum annual earnings of \$1,958. The foregoing annual earnings are to be compared with Mr. Millard's figure of \$1,750 which before the committee he sought to establish as the minimum annual wage which would support living on the health and decency level. We submit that the figures we have set forth are not in harmony with the UAW's statement that this company pays "low" wages.

INDUSTRIAL RELATIONS PLANS

We consider it pertinent to any discussion of wages to draw the committee's attention to any welfare benefits which have a bearing on the extent to which employees' annual earnings are protected and supplemented. These are embodied in the following Plans.

Vacation Plan—This plan provides two weeks' vacation with pay after one year's service. This plan was put into effect in 1937.

Disability Wage Plan—Under this plan full wages are paid up to a maximum of thirteen weeks in cases of illness or non-occupational accident and, in case of occupational disability, the difference between full wages and payments from workmen's compensation. All employees are eligible after one year's service. The expense is borne solely by the company. The plan went into effect in 1937.

Pension Plan—This plan provides a pension for an employee having fifteen years' service who becomes substantially incapable of carrying out his normal duties. The plan has been in effect since 1919 and the cost is borne solely by the company.

Savings Plan—Under this plan, which has been offered to employees annually for over ten years, an employee may save up to 10 per cent of his earnings (maximum \$20 per month) and the Company contributes 25 cents for each dollar saved under the plan.

Health Insurance Plan—Participating employees and the company share the cost of insurance providing for the payment of hospital bills in the amount of \$3 per day for 70 days; of surgeon's accounts up to \$75; of physician's fees up to \$25; and of miscellaneous hospital charges up to \$35. This supplies a total coverage of \$345 for each illness or accident.

Death Benefit Plan—By this plan the company provides life insurance of \$1,500 solely at its expense to all employees who were with the company in August, 1939. This plan has been in effect since 1919.

UNION SECURITY

The UAW brief states "the two companies refuse to accept the principle of union security even after a board of conciliation recommended it . . .", and Mr. Burt affirmed this before the committee. We have no knowledge that there was a board of conciliation in the Brunner Mond dispute, and we propose to deal only with the Board of Conciliation which acted with respect to our dispute. It may not be clear to the committee that the board made three recommendations, namely

- (1) the unanimous recommendation that the union abandon its demand for the deduction of union dues and accept the company's offer to cash wage cheques on the company's property, to provide union stewards with a table at the point of pay so that cash dues could be collected, and allow union officers to collect union dues on company property during non-working hours, i.e. during lunch hour and rest periods; and
- (2) the unanimous recommendation that the company withdraw its demand for the inclusion of a no-strike clause in the agreement; and
- (3) the recommendation of the chairman and union representative that the union abandon its demand for union shop and that the company accept maintenance of membership.

The union refused to accept item (1). The company agreed to accept item (2) and refused to accept item (3) because to do so would be wholly incompatible with its principles with respect to so-called "union security," which have been expressed publicly before Boards of Conciliation and to the unions with which it has agreements.

Union Shop.—It is the company's function and the company's alone to select employees, to transfer them, to terminate employment, or otherwise direct the working force, and the full implications of union shop would abrogate this function. We recognize, of course, that the exercise of these functions, may give rise to grievances should it be claimed that individual hardship or injustice results. Provision is made in all our collective agreements for discussion of any such grievances.

We submit that it is a derogation of the necessary and accepted functions of management to impose on the employment, on the continued employment, or on the status of any employee, a condition which is in no way related to the traditional qualifications of a desirable employee. In making this submission we have no intention of proclaiming a doctrine of "management rights" which

could be deemed to be arbitrary or based on unjustified prerogatives. We submit that it is entirely wrong to require the company to discharge, and to suffer the loss of, an employee for the sole reason that he failed to become a union member or to maintain his membership in the union, or that he has otherwise failed to discharge responsibilities imposed by the union. The company pays an employee for performing his assigned duties in an efficient and conscientious manner, and for observing the rules of the company, but believes that so long as these conditions are fulfilled it must have the right to retain him and extend to him the full privileges of an employee. The company has no intention of discriminating against an otherwise desirable employee because for reasons of his own he does, or does not, wish to become a member of, or pay dues to, the union, or because for reasons of his own he has withdrawn from the union or because he has been expelled from the union.

We submit also that order in council P.C. 1003 protects employees against discrimination by employers on account of union membership. Some unions now wish to institute a new type of discrimination, i.e. discrimination against a non-member.

Maintenance of Membership.—Maintenance of membership is in part the union shop and is therefore subject to the same objections as the union shop.

Rand Formula.—The arrangement now popularly known as the Rand Formula incorporates a feature which parallels one feature of the union shop to which sincere objection is taken. Under the Rand Formula an employee to remain in employment would be compelled to pay union dues to an organization to which he might be opposed.

Deduction of Union Dues.—The collection of dues is the responsibility of any organization which requires the payment of membership dues by its members. The payment of dues is the responsibility of the member who has contracted to pay dues as a condition of membership. We firmly believe it is not the responsibility of the company to collect dues for the union.

PUBLIC POLICY ON UNION SECURITY

The company submits that its views on the limitation of freedom involved in the union shop and other forms of union security, are in harmony with public policy and particularly draws the attention of the committee to the Unemployment Insurance Act, 1940, which provides in Clause 32:—

32. Notwithstanding anything contained in this Act no insured person shall be disqualified for receipt of (unemployment) benefit by reason only of his refusal to accept employment if by acceptance thereof he would lose the right—

- (a) to become a member of, or
- (b) to continue to be a member and to observe the lawful rules of, or
- (c) to refrain from becoming a member of any association, organization or union of workers.

(NOTE.—The underlining and the word in parentheses are ours).

Thus it is clearly set forth in enactment by the parliament of Canada that the requirement that an employee shall join an organization or union of workers is an improper condition to impose on an employee seeking employment. We submit it would be equally improper for an employer to be required to enter into an agreement with a union to impose such a condition of employment.

Respectfully submitted,

CANADIAN INDUSTRIES LIMITED,

H. GREVILLE SMITH,
First Vice-President.

August 12, 1946.

Also your subcommittee on agenda asked leave to present the following as its Ninth Report:—

TUESDAY, 13th August, 1946.

The subcommittee on Agenda begs leave to present the following as a

NINTH REPORT

So that the House of Commons may have an opportunity to discuss any report that emanates from the committee, your subcommittee on Agenda recommends that, commencing this afternoon at 3.30 o'clock, the committee sit in camera.

Respectfully submitted,

(Sgd.) MAURICE LALONDE,
Chairman.

Mr. CROLL: I would move the adoption of the report.

Carried.

Mr. MACINNIS: Mr. Chairman, before we begin: I made a request for certain information more than a week ago. I asked for comparative cost of living figures for Sydney, Hamilton and Algoma. I also asked for the comparative annual wages in the lumber industry in British Columbia and in the Steel Company at Hamilton. I wonder if this information is available, or when it will be available.

The CHAIRMAN: Mr. Lieff informs me that both have been filed.

Mr. LIEFF: They are both on the record now.

Mr. MACINNIS: Both?

Mr. LIEFF: Yes. I will get that for you before you leave this morning. My recollection is that both are in the record now.

Mr. CROLL: Sometime ago I asked the chairman to procure a financial statement of Dosco because the one they filed seemed to be incomplete. I wonder if that has been obtained?

The CHAIRMAN: No, I haven't received as yet any financial statement by Dosco. I will be glad to get in touch with those people and file it as soon as possible.

Mr. BLACKMORE: Mr. Chairman, is Mr. Mitchell coming on this morning?

The CHAIRMAN: Are the committee through with Mr. Mitchell?

Mr. BLACKMORE: No, I have some questions to ask.

The CHAIRMAN: Mr. Mitchell is in the House now, he may be in within a few minutes. My understanding was that it was the intention to call Mr. Conroy back before the committee. Is that agreeable to you, Mr. Blackmore?

Mr. BLACKMORE: Yes.

Mr. Pat Conroy, Chairman, Wage Co-ordinating Committee, Canadian Congress of Labour, Ottawa, Ontario, recalled:

By Mr. Blackmore:

Q. Mr. Conroy, I should like to ask you a few questions concerning the second brief which you submitted to the committee.

Mr. LIEFF: Are you referring to the price increases?

Mr. BLACKMORE: That is right.

Mr. LIEFF: That appears on page 830 of the record, appendix B to the the meeting of August 8.

By Mr. Blackmore:

Q. I think that you have not been examined on this submission. Now, you make a statement among your general statements on the first page—number 7—in which you say:

Wage increases have dragged considerably behind increases in the cost of goods;

and in number 1 of this general statement, as follows:—

The Prices Board has granted a great variety of price increases due to subsidy removal or to cost pressures within the industry concerned; then, number 12 of your general statement I notice reads as follows:—

Many items not in the cost of living index, which are not considered to enter into the essential pattern of domestic necessities, have boosted family cost of living considerably above the index figures. This would apply particularly to goods coming back on the market at prices higher than the 1941 average.

I wonder, Mr. Conroy if you would care to elaborate on this statement. It would appear that these statements have a rather serious implication in our discussions.—A. Well, Mr. Chairman and members of the committee I should like first of all to make an opening statement as to the contents of this brief. They are largely at the request of Mr. Case. We made a subsequent request of the Labour Information Centre at Toronto to try to collect and give our own story in the factual sense in the price relaxations that have taken place since about the end of the war. And now, we did not say to that centre that they should draw their own conclusions. We merely asked them for facts. And I would say at the moment, in addition to complying with our request they have gone further by drawing their own conclusions on this; which frankly I cannot give an explanation for. The conclusions there are I think of no interest to the committee and they should be struck from the record. I would say, however, that the factual presentation as to the number of commodities and the amount of relaxation are what Mr. Case was after. He was not after conclusions, I do not think. So, since this Labour Information Centre has drawn their own conclusions without our request, and because we do not know the reason for the conclusions, I think it would be unfair for the committee and for me to attempt to establish in my mind their reason for these conclusions; and these conclusions from the Labour Information Centre should be struck from the record, because, frankly, I cannot answer the reasons for the conclusions.

Q. And which conclusions have you particularly in mind?—A. I have in mind where the brief says, near the beginning, “these salient facts emerged:—”, and then they go on down from number 1 to number 12; and the paragraph following that at the top of page 2. Mr. Chairman, this body in addition to making a record of the relaxations of prices, has also interpolated with quotations from Mr. Gordon from time to time. I do not know what the intention behind that was, or what particular value that is to this committee. It seems to be largely quotations. I do not think that there is any value in that. Re-emphasizing our main intention, in response to Mr. Case’s request, it was merely to get a record of price relaxations by the board.

Q. I notice, Mr. Conroy, on page 2 about half way down the page, on August 15 it is noted that “Maximum prices on bituminous coal produced in the maritimes advanced 33 cents per ton, the 33 cents to be set aside on every ton of coal . . .” and so on. That would appear to be one of the first definite

moves towards raising the cost of living. Have you any comment on that?—A. I would say since a substantial section of our people use coal, it must in the nature of things affect the cost of living.

Q. That was not a result of what the labouring people did?—A. I am not so sure about that. Last year, I think it was—in the spring of 1945,—the Nova Scotia mine workers received a wage adjustment. I am inclined to think that this price increase reflected here had something to do with that wage adjustment. I am not sure of that, but I am inclined to think that is right.

Q. But it could not have been brought about without government action or government consent?—A. We presume that the prices board would have to give it the okay to bring it into being.

Q. I notice on August 17 the following: "Cheese processors allowed to make an addition to the maximum price of cheese . . ." to the extent of one-eighth cent per pound to one-half cent per pound. This would unquestionably be the result of government action, would it not?—A. I should think so, yes.

Q. It would be a definite rise in the cost of living?—A. Yes. Cheese is one of the staples, I think, that both poor and prosperous consume.

Q. Further down the page I note on September 1, "Subsidies no longer paid on certain grocery items." You do not happen to have any information regarding those grocery items, do you?—A. This largely had to do with dairy products, I believe.

Q. Here again it was a move of the government which resulted in a rise in prices?—A. Well, I should think it would be automatic; that if the government withdrew subsidies it would automatically have some bearing on price adjustments.

Q. This all occurred in 1945?—A. Yes.

Q. Then on September 15 I notice, "Two per cent discount on footwear leather was removed and new tanners', jobbers', and leather leaders' maximum prices on footwear leather sold to a footwear manufacturer, whether jobber or dealer, established." This again would be the result of government action, would it not?—A. Yes; I should think so, sir.

Q. Very little blame could be attached to the labour unions for that action, I imagine. Then on October 11, "One cent per pound increase in the wholesale maximum prices for pork and other fresh sausage, bologna, weiners and frankfurters granted." Again it is evidently a move on the part of the government.—A. Quite so.

Q. Would you say that this would greatly add to the cost of living of the poor; that is, people having low incomes usually use such things as weiners, sausages and bologna?—A. I should say it would have a bearing on the cost of living of the people in the lower income brackets, whose purchasing power is distributed largely over staples, and in whose budget the price of meat of any description would play an extremely large role. I should say it would have distinct bearing on the cost of living in the lower income brackets particularly.

Q. This move had a particular bearing on the poor?—A. Yes.

Q. In their cost of living?—A. Yes.

Q. Then on December 3, on page 3, I notice as follows: "Increases amount to 3½ cents per pound allowed on imported new crop of California prunes and raisins." That again would appear to be a result of government action, would it not?—A. Yes.

Q. An action very vitally affecting the poor?—A. I should think so.

Q. Because they do use prunes when they cannot buy anything else in the way of fruit.

Mr. SMITH: You would not get any prunes without it. Is that the case?

Mr. BLACKMORE: My point is that there is an increased price there in a very vital commodity, one that is used especially by those with lower incomes.

Mr. SMITH: As to prunes, I love them; and I am not a rich fellow.

Mr. CASE: Is not the purpose of the whole brief to show that everything has increased in price?

Mr. BLACKMORE: That is exactly it. I do not know whether I quite catch the general idea of the brief or not; but to me it appears that the intention of the brief was to show that the rises in price have been the result of government action, when we have heard a great deal in this discussion regarding the fact that the government could not hold the price line.

The WITNESS: Of course, I made a somewhat significant statement in reply to someone's question on my general brief. It was my contention that despite the warnings of Mr. Gordon and the officers of the government generally of the danger of breaking the price line, the government had already, without wage increases of a particular nature, broken down the price line in a substantial sense.

By Mr. Blackmore:

Q. And apparently over Mr. Gordon's head?—A. Well, that is a matter of opinion. As he is head of the prices board, and with all the emphasis he has been laying on the value of his opinion, I presume he must have consulted his own secretary as to the adjustment of these prices.

Q. This seems to me to have a very important bearing on this whole question. On January 5 I note, "To offset the additional cost of broom corn through the removal of the import subsidy an in . . ."—A. What was that date?

Q. On January 5, 1946, the second line. I will read it again. "To offset the additional cost of broom corn through the removal of the import subsidy an increase in the consumer price of brooms was granted. The price of small brooms would increase about 28 cents and the larger types 42 cents." Again that was government action? Again the advance would bear heavily on the poor?—A. Well, even the poor have to keep their houses clean; and I suppose brooms play a role in the day to day living.

Q. Then on January 9—

Mr. SMITH: What are large brooms? Are they curling brooms?

Mr. BLACKMORE: I do not know.

Mr. SMITH: I think they are. I am quite serious about that.

Mr. BLACKMORE: I would not be an authority on that. If it is curling brooms, I would not worry so much; but if it is the large brooms used in the kitchen, I would.

The WITNESS: I notice that tam o'shanter are not mentioned here in conjunction with brooms.

By Mr. Blackmore:

Q. On January 9 I notice here it says, "In order to implement the movement of lima and kidney beans into Canada from the United States, price ceilings were revised upwards." Again apparently a government price adjustment affecting a staple food of the poor.—A. Well, taking prunes and beans into the same bracket, we are told that the Canadian Pacific Railroad built their main arteries westward on those two commodities; so I presume they must have substance in the daily budget.

Q. It is rather significant that it is government action again, is it not?—A. Yes.

Q. In spite of all this frantic effort on the part of Mr. Gordon to hold the price line! On page 4, item 3, March 1, 1946, we find, "Subsidy payments to manufacturers on sales of jams and jellies discontinued. Selling prices adjusted accordingly amounting to 4 cents on the standard 24 fluid ounce jars." I do not know whether or not in your family when you were growing up it was as it was in mine; but I know if we had not had some jam and jelly

in our pioneer home, it would have been a pretty bleak existence.—A. The way I was raised, while our stomachs called for meat, they were usually satisfied with jam; and I suppose the average working class family is pretty much the same.

Q. So again there is a blow right at the living cost of the working men, the very people who are striking. On March 1, again, we find this, "Cotton and wool subsidies removed or reduced. Cotton subsidies cut about one-third and subsidies on wool and worsted products eliminated or, in a number of cases, substantially reduced. The full effect of this would not be felt until later in the year. The basic price of all raw cotton was raised 4 cents per pound and cotton mills authorized to increase the ceiling price on all their products accordingly. The Wartime Prices and Trade Board says men's clothing, women's goods, etc., will not go up in price until the fall of 1946." Apparently the troubles are not all on us yet.

But that women's cotton and wool dresses will increase during late spring and summer months.

That is again striking at the households of the poor. It would not have been so serious if it had been rayon, silk or satin. On March 5th as a result of the removal or reduction of subsidy on textiles and leathers there were 335 items covered in the order, so there is a new markup order adjusting the maximum prices at the retail and wholesale levels. 335 items are covered in the order. The board says that changes in consumer prices would be relatively minor. Now, relative to what? Have you any way of determining that?—A. I suppose that might be interpreted several ways. It might be relatively minor to the profits of the producer; it might be quite important to the consumer.

Q. It would not take a very large rise in these items to hurt a family pretty seriously?—A. Not to the average working class family. Any impact at all is bound to have a substantial effect.

Q. In my family it seems that we no sooner get one child equipped with a pair of shoes than another one wants a pair?—A. That is right.

Q. And by the time we get half way around, the first one wants another pair.—A. That is my experience, too.

Q. Then on March 6 "the per ton subsidy paid by the Agricultural Food Board during 1945 on tomatoes, peas, corn, green and waxed beans for processing will not be paid on the 1946 crop." I gather there would be an increase in price of these commodities. I do not know what I would have done in raising my family if we had not been able to get canned tomatoes reasonably inexpensively.—A. We have a garden ourselves, but I suppose the withdrawal of subsidies would indicate an automatic increase in prices.

Q. Once more it is the result of government action?—A. Quite so.

Q. No strike action involved here. Then I go down to March 30 where we have that famous \$5 price adjustment in steel. I do not think any labour union struck so as to cause that advance in price?—A. Not that I am aware of.

Q. It was purely the result of government action although it affected even the price of the hoe that the labourer would use to keep his garden clean. On March 30 the subsidy on imported Barbados molasses was reduced by two-thirds; consumers will pay 4 cents per quart more. Would you say that molasses would be used in the homes of most of those poor people who are striking?—A. Going by my own experience molasses and sulphur was one of the substantial elements in our home when I was a youngster, and I presume there is not much change in civilized behaviour since that time, or uncivilized according the boy's viewpoint.

Mr. SMITH: That was used for the itch, was it not?

The WITNESS: It was a remedy for anything under the sun.

By Mr. Blackmore:

Q. Again it is government action. On March 30 creamery butter prices were increased as an incentive to greater production by 4 cents per pound.

Mr. SMITH: I think we should ask if there was an increase in the price of rum at the time of molasses.

Mr. BLACKMORE: Since you have asked the question perhaps it will be answered.

The WITNESS: The government will get two-thirds of the taxation on it, anyway.

By Mr. Blackmore:

Q. We turn to page 5, item 4, April 9.

Following previously announced cancellation of subsidy payments for imported package bees, an adjustment of 1 cent to 1½ cents a pound in retail honey ceiling prices was made.

Once more there is a rise in a very essential commodity in the labouring home. Is that not so?—A. These are staples.

Q. Once more government action?—A. Quite so.

Q. On April 15 the ceiling prices for dairy butter and whey butter were increased 4 cents per pound. Once more that is government action. Further down there is a second item under April 16. Price of men's and boy's work clothing was increased up to 25 cents at the retail level, following the reduction of the cotton subsidy. 25 cents is quite a lot of money on top of the price of a pair of overalls, anyway?—A. It is particularly where there are a number of children in the family.

Q. I always found it that way. Government action again. On April 25 barley prices were adjusted, resulting in a slight increase in most cases of not more than 1 cent per pound to consumers. Government action again. I am picking out a few here and there. On May 3 imported cotton goods prices were adjusted so that on larger articles such as cotton blankets, sheets, towels, wash cloths, diapers, handkerchiefs, men's shirt and pajamas, consumers will pay an increase not exceeding 25 cents per item. Once more government action?—A. Quite so.

Q. Resulting in a very substantial increase in the cost of living in the homes of the poor. On May 7 ceiling prices in Canada on the new crop of Australian currants and raisins were raised 2 cents to 3 cents per pound. Once more government action; no strike action involved there?—A. None that I know of.

Q. None that I can see. On page 6 on May 20 corn syrup was increased by approximately 2 cents per pound, corn starch by a similar amount and corn oil by slightly under 5 cents. I see no evidence there of strike action?—A. None that I know of.

Q. Plenty of government action, though. June 1, 2 cents per quart subsidy on milk comes off with consumer paying difference. Once more it was not a strike of farmers that caused that nor of labouring men. I am prompted that it was said that it was too expensive to continue. On May 31 imported fabrics and yarns were increased in price at retail level not more than 7 cents per yard on woollen fabrics and 30 cents per yard on worsteds; and 5 cents per yard on knitting yarns. I do not know what my mother would have done if that had happened in her day.

Mr. SMITH: That must be wrong.

Mr. GAUTHIER: There is no yarn worth 5 cents a yard.

Hon. Mr. MITCHELL: Maybe they mean a skein.

Mr. BLACKMORE: There is a slip there but it was an advance.

The WITNESS: Apparently so.

By Mr. Blackmore:

Q. Wooden and upholstered household furniture of all types was increased in price at the manufacturing level on May 29. Consumers will pay 7 per cent to 13 per cent more. Probably nothing further needs to be said, but I wonder if we would not be safe in telling the government that next time they feel like blaming the labour unions for the inability of the Prices Board to hold the price line they should reread that submission and cause an investigation to be made into their own behaviour. Would you think that would be a reasonable request?—A. You know how touchy the government is about investigating their behaviour, but I would say that those at the bottom generally are not given too much notice until the inconvenience reaches the rest of our public. It applies not merely to labour; it applies to most people in essential occupations.

Q. Will you speak a little louder.—A. I will speak loudly for the press. I would say I think it is more or less a tradition that the man at the bottom is regarded pretty much as a cipher, as one not of importance in the scheme of things, until the very essential occupations and very important categories he fulfills are disrupted by a series of given actions, whether they be of his own volition or attempted actions by employers and that the public, generally, are not too conscious of the worth of the man until inconvenience comes to its door.

Q. You never miss the water until the well goes dry.

Mr. SMITH: What is that?

Mr. BLACKMORE: I said, "You never miss the water until the well goes dry."

Mr. SMITH: Thanks, very much.

Mr. BLACKMORE: You probably heard that, too, when you were a boy.

Mr. SMITH: I am glad I asked you.

The WITNESS: I think no better application of that adage can be found than with respect to coal miners. Coal miners are a strange race of people who are always up to their necks in trouble. They live off the beaten track. Rarely do they come within the main stream of public thinking. They produce a commodity upon which the people, generally, of the whole country are largely dependent. Their lives are taken for granted and it is also taken for granted that they should, without interruption, produce the necessary fuel for the fires of the nation without the slightest inconvenience. They live from day to day, facing changing conditions about which the country has not the slightest idea. They live under constant aggravation, away from God's sunlight and under very abnormal conditions. And yet the very moment they decide to try to secure something for themselves that is worth while in relation to their occupation, the moment that it disturbs the householder who does not know much about coal mining, up go the hands of the public in holy horror at the inconvenience. That is not an exceptional case. It is perhaps more of an outstanding one. But, in a general way, those concerned with strikes to-day would be less concerned with them if they gave some contribution and basic thinking to try to solve the problems of this country which are involved in the strikes. But unfortunately they do not do so until the twelfth hour and then it is usually too late.

By Mr. Blackmore:

Q. Then the Government accuse the working man of being a Communist.—A. That is more or less of a stock charge. Most working men who are subjected to that charge have now developed a defensive mechanism. Since the word "Fascist" and "Fascism" are not just in good repute as they were in this country, even two or three years ago when the average working man is charged with being a Communist, he will say that the fellow who is calling him a Communist is a Fascist.

Q. It does not make for good relations for the future.—A. That is true.

Q. Ant it is not very good substance upon which to build Canada and the result is not a very congenial attitude of mind likely to help to make that great Canada we all dream of. I noticed, Mr. Conroy, as I went through this list, that an impressive number of these advances had to do with food. Now, what percentage of the poor man's money would be spent on food. Relatively? If we should find that it was a large percentage, then the impact on him would be so much the greater.—A. That, I suppose, sir, would depend on the amount of money he is taking in every week in his pay envelope. The lower you get down in wages, the higher is the proportion of expenses for food and staples; so much so, that that is one of the quarrels we have with our cost of living index. The cost of living index on the whole is a somewhat worthy instrument but it does not, in our estimation, reflect the impact of prices, even without increases at all, on the relationship of the proportion of money that has to be spent for food and staples in relation to other things that are weighted in the index.

Q. One complaint that comes from my own wife all the time—she is close to it and I guess she knows—is that no allowance is made for shoddy material that goes into shoes nowadays as compared to the shoes we used to have; and she complains that the cost of providing the children with shoes is almost double what it used to be, with no rise in price at all.—A. I suppose that is almost every housewife's experience; I know it is with my own wife. They buy some shoes for the youngsters and when they get to an age when they can go out-of-doors they promptly proceed to go out and kick around all the tin cans in the neighbourhood—as I suppose we, ourselves, did when we were youngsters.

Q. I know that I did.—A. Although many times I did not have the shoes and I just used my big toes instead of shoes. I suppose the difficulty is that the quality used to be better. In those days a pair of shoes on the average youngster might be good for a month or six weeks; but to-day you can buy the child a pair of shoes, and within two or three weeks, or about half the time they formerly used to last, the shoes will be worn out.

Q. I think often the trouble is that they go out of shape; I know that my daughters dislike to wear them to school.—A. Some of the manufacturers have done a very good job using cardboard instead of leather.

Q. That matter should be given some consideration too.—A. It is an important factor particularly for a housewife who has to figure out the matter of the family budget on behalf of the whole family; she might figure on buying two or three pairs of shoes in a year and now, because of the deterioration of quality, it is costing her 50 per cent more for the youngsters shoes. Certainly that is a factor that should be recognized in an adjustment of the cost of living.

Q. Another matter that my wife is constantly bringing to my attention is the way stockings go out now. You know the girls have to have pretty good looking stockings now; and the first thing that happens is that a run develops in them. Do you have any trouble along that line?—A. My biggest trouble is looking at the women without stockings. To tell you the truth, while I have not much of an artistic sense, I think it would meet the artistic senses of the male sex if more women would decide to wear stockings instead of going without them.

Q. Or if they could be rendered able to afford to wear stockings.—A. Right.

Q. That is another matter that should be given consideration.—A. Dealing with stockings in a serious vein, I think for your average woman—I believe the stock term for it is nylon now—I suppose it is a very important factor in the budget, particularly for young women who are living on a very conservative salary and have got to keep up appearances. Stockings certainly play a considerable role, I think, and from the remarks of women generally, they are certainly not getting the full value in them that they did prior to the war; while, at the same time, costs have gone up some degree.

Q. That is what my family report to me. Let us go on to another aspect of this whole question. Does not the fact that our living costs are rising, and the fact that it is maintained that every increase in wages to enable the labouring man to overtake the increase in costs will add more cost, naturally, cause one to wonder if we could do something about bringing down the cost of living by additional subsidies? Suppose, now, it was proposed by the government that they would use subsidies to bring down the cost of living to your ordinary labouring man; instead of giving him an advance in wages. How do you think he would take to that suggestion? Do you think he would look upon that favourably?—A. All members of this committee who have dealt with the question at hand have emphasized it is not the size of the dollar, whether it be three inches or six inches, it is what it actually buys in terms of real money; and I do not suppose there would be any persons in our whole civilized structure who would object if prices could be reduced instead of raised. It seems to be elementary.

Q. Instead of raising wages; if we could bring prices down instead of raising wages. That is right.—A. As to subsidies, Mr. Homuth I think asked me something on that the other day. The application of the subsidy I think would depend on the final end, whether that subsidy is going to be in the final analysis a benefit to the nation. By a benefit to the nation I mean most of the people. I do not mean some particular enterpriser on the one hand, or for that matter specifically labour on the other. As to the reduction of prices I think there have been one, perhaps two, cases on recent record—one case of wage demands on the one hand and by voluntary action on the other—prices have been reduced instead of wages being raised. That I think applied particularly in Belgium about two months ago, that at that time because of the same conditions that we are afflicted with here only in a more aggravated sense there was a general demand for increases in wages. Instead of complying with that general demand the government of Belgium forthwith by order of the government cut prices of every commodity in the nation by 10 per cent. In the case I believe that of Soviet Russia—

Q. Would you let me interrupt you just a moment?—A. Yes.

Q. Did they do anything to help the retailers, wholesalers or the manufacturers who might have suffered from that?—A. I am not aware of anything that was done subsequent to that. The other case—I remember reading about it—was Soviet Russia. Just about a month after the war last year the Soviet government cut prices I think in at least a large number of cities by one-third. Those are the two cases I remember reading about.

Q. Did you happen to read in regard to Soviet Russia where they found the money?—A. Well, they have their own currency. They are not dependent on private banks. They print their own currency in relation to the value of the goods produced. As far as I know, that is all that was done; without any explanation—the government had stocks of commodities on hand because of the extremely serious situation there, and because at the end of the war there was less demand on those stocks than there was during the war when they had to be conserved, but once the demand slackened they were able to release these stocks and because of that they were able I believe substantially to reduce prices.

Q. Are you trying to convey to us that Russia introduced these price reductions without any increased tax on the people, or without borrowing money?—A. I could not give you all the facts in it, sir. All I remember reading is that the government officially reduced the price of all its commodities by one-third.

Q. Well, if Russia can do it, it really is a matter we should look into.—A. Worth while investigating, I think.

Q. Now, I should like to turn to another matter, Mr. Conroy. Do you believe that over a considerable period that wages have been increased faster than prices have? Suppose you were to go back to somewhere around 1910 and trace this through. Do you happen to have given attention to that particular aspect of economics?—A. I have given some thought to it, sir. I think there was some reference to it in Mr. Gordon's brief yesterday. I don't remember what it was. I believe at any rate that in Mr. Gordon's brief it says substantially the same thing as what you are speaking about now; that wages have increased more than prices. That might be answered in dual fashion; if he had said that wages had increased more than prices it would seem at least to satisfy me very much—the first direct motion of the theory by Mr. Gordon that control of wages would increase prices. I think something is left out here. Other than wages and prices I think there is the question of productivity. I think wages have increased more than prices and because of greater productivity, because of lowered costs prices have been maintained at a reasonable level over a given period; which I think is the complete opposite of the theory propounded yesterday by Mr. Gordon as against the one submitted to this committee in his first effort, that increases in wages would automatically blow the roof off the price structure. In short, it substantiates our position, the proper adjustment in wages will not only in the ultimate sense not cause the inflationary prices that we have been warned about but will with increased productivity lower costs. More goods on the market will provide working people with a greater incentive to produce and will ultimately level off prices.

Q. There is a case that comes to my mind, illustrative of what you were speaking about. In a factory not far from where I live at one time the factory management were employing sixty men in accomplishing a certain process. And now, the company introduced a new machine which took place of all those men but one and the factory was able to produce more than it had been before. Now, it ought to be a logical deduction in that situation that they could considerably raise the wages of the one man without increasing their costs, provided that the installation of the process did not cost too much—the machine.—A. Well, the first thing you have to take into consideration, I believe, is the charge of the machine itself. It would depend upon the cost of that machine. It would depend upon its upkeep, cost of operation; and, very definitely, some types of machines cost substantially more than others in relation to the cost of the product. But if that is done, not only is that theory sound, but it is accepted not only by labour but by employers; otherwise, they would not have installed the machinery at all. The principle behind the installation and development of machine production is to cut costs; and that being so, the cutting of the cost on one hand producing more commodities, on the other hand more for consumption, it seems to me inevitable, after taking care of the cost of the machine and its operation and all the rest of it, to get that machine itself into operation, to justify the employer or employers in installing it or them, it would appear to be inevitable that the men who must consume the products of that machine must have some money to buy those things with, otherwise the machine stops operating and you have unemployment.

Q. And overhead definitely increases. Now, Mr. Conroy, I don't know how the other members of the committee feel, but I personally feel a definite gratitude to you for the pains you have exercised in preparing your most excellent submissions, and for the way in which you have answered questions put to you by the various members, and particularly my own questions.

The WITNESS: If the committee have no objection, and it might be totally out of court, I don't know—I have a copy of Maclean's magazine of this week. Perhaps some of you have read it. There is an article in there by a very reputable author, Mr. Blair Fraser. I should very much like to read to the

committee a few paragraphs from that article. Mr. Fraser is held in the highest regard, I think, for his reliability, throughout the country, and has no connection with labour of which I am aware.

Mr. CROLL: Everybody except Mr. Duplessis speaks well of him.

The WITNESS: That is a bad sign (?). About six weeks ago Mr. Fraser came to my office and asked me about prices and other things he deals with here in this article. I told him that I would be quite interested in reading his conclusions.

Mr. SMITH: Mr. Chairman, I don't want to stop Mr. Conroy, but are we going to have anything from anybody and everybody read into the record here?

The WITNESS: How much good is it going to do you?

Mr. SMITH: It might do a lot of good. But it does seem to me most unusual that we should begin reading into our record those things that are in newspapers and publications, newspapermen's comments. Even though Mr. Fraser is undoubtedly a splendid newspaper man—I do not know where it is going to end.

Mr. BLACKMORE: Would Mr. Conroy tell us whether the matter is factual or commentative.

Hon. Mr. MITCHELL: If I might say this; in the *Montreal Gazette* yesterday there appeared a rather humorous report on my evidence yesterday. Perhaps somebody would like me to read that for the record. That reporter I suppose is a reputable individual. I do not know him. I am not going to comment on it because I never do that sort of thing. But if you are going to read articles into the record from everybody in this country written on this and every other subject—I don't know where it is going to end. I agree with Mr. Smith.

Mr. CROLL: May I suggest this, Mr. Chairman? I read the article and I know what Mr. Fraser said. I intended to ask the committee and ask Mr. Conroy to put into the record the cost index.

The WITNESS: You mean the cost of living index?

Mr. CROLL: The Dominion Bureau of Statistics index numbers of the cost of living in Canada. It is the June issue, and I have had the department bring it up to July 1st. It is a most interesting computation. It goes back to 1913 and then in detail from 1939. I think every member of this House and every member of this committee will be interested in it. It is very useful, and I think it brings out what Mr. Conroy wanted to bring to the attention of the committee. I will show it to him and see if he agrees. In any event, I should like to see it go on the record as being something that is useful. Would you take a look at that, Mr. Conroy?

Mr. GILLIS: I should like to ask Mr. Croll this question: do you want to put that index in from 1913 up to 1946, the cost of living index?

Mr. CROLL: It is the whole page.

Mr. GILLIS: It is a comparison?

Mr. CROLL: Yes.

Mr. GILLIS: At the same time would you put the tax rates from 1913 to 1946 alongside of that?

Mr. CROLL: Unfortunately I have not the tax rates, and this is a publication. We have heard what people have said about the cost of living index, that it is not the true cost. I will agree that it is not the true cost, but it is just for the interest value.

Mr. GILLIS: You have not the whole picture unless you have the tax rates alongside of it.

Mr. CROLL: No; but this is all I can provide. Anyone who has any more may be able to provide it. I suggest that it go on the record. It does prove this: the total now stands at 125·1. The food index stands at 144·2.

Mr. GILLIS: That is very important.

Mr. CROLL: The rent index stands at 112·6; the fuel and light index at 107·2; the clothing index at 126·4; the home furnishings index at 125·1; and miscellaneous—and I cannot tell you what that contains—at 113·7. The overall is 124·1.

Mr. CASE: What base period were they using there, Mr. Croll?

Mr. CROLL: They were using 1939.

Mr. CASE: You said it went back to 1913.

Mr. CROLL: Yes. But the base period used is 1939. But they have here the details from 1913 to 1938.

Mr. CASE: But in the comparisons you have referred to, that is 1939?

Mr. CROLL: Yes. I think this would be most useful to have left with the committee, and I would ask that it be put on the record.

The CHAIRMAN: Carried.

Mr. BLACKMORE: I would support Mr. Croll.

Mr. SMITH: Mr. Chairman, let me withdraw my objection, whatever it was.
(See Appendix "A")

Mr. CROLL: Well, I still agree with you.

The CHAIRMAN: I think Mr. Smith's suggestion is well founded; we must put a stop to what I might call the latitude given to a witness. If the committee agrees to put on the record everything that appears in newspapers, magazines and so on, I think it will not be of any use to the committee. The purpose of Mr. Conroy's return to the witness box was to be questioned by Mr. Blackmore. Mr. Blackmore did it very ably. I think that we should now proceed with Mr. Mitchell, if Mr. Blackmore is through with the witness.

Mr. BLACKMORE: I am finished with Mr. Conroy. I should like to see you put the items he refers to on *Hansard*; but if it is contrary to the will of the committee, I suggest he give the page in *Maclean's* magazine, so everybody can read it.

The WITNESS: Mr. Chairman and members of the committee, before leaving this stand I should like to make one observation. While I appreciate the objection of Mr. Smith, I should not like to be put in the light of having tried to insist that this article from *Maclean's* be spread on the record. I think it will be remembered by all members of the committee that I raised the propriety of it myself, in suggesting that it might not be approved of by the committee. It was merely a thought in my mind, that it might provide the committee with some information that would be of value. Consequently I have not the slightest objection to the committee refusing my putting this on the record. That is their business. I can only conclude with this statement: we stand by our previous principles. We cannot see Mr. Gordon's formula. We believe that, despite all his threats of a broken price level as a result of wage increases, Mr. Gordon and the government have already broken the price level without substantial wage increases in any degree. I think his story that wage increases will inflate prices is largely myth instead of fact and not a help to this country, as proved by his own previous statements. Thank you very much, gentlemen.

By Mr. Lockhart:

Q. Mr. Chairman, before the witness leaves there are two brief enquiries I want to make of him as a result of some enquiries I made over the weekend.

I appreciate that Mr. Croll has put on something further as to the cost of living indexes. They vary in different people's minds these days; but in summing it up Mr. Conroy suggested an increase of 6·2 rather than 5·2 as a basis. Let us assume the increase is 6·2. May I perhaps preface my remarks by just saying that over the weekend I enquired of a lot of different housewives their reaction to this. Do you not feel that this cost of living index, taking your figure of 6·2, is more or less a spasmodic thing that has come about rather more recently and rather hurriedly; and that while the ramifications of it can reach different levels, it is still a kind of erratic formula which has come upon us? Would that not be your opinion?—A. I think that is a very good question, sir, and I will proceed to answer it in this way. Mr. Smith and Mr. Jackson yesterday argued the merits of one side or two sides of a coin. There are two sides to this coin. I may grant you in principle that this may be spasmodic, this rise in the prices over recent months in Canada. But if I am to give that opinion, then I very emphatically lay down the reservation that the members of this committee I think should disabuse their minds of the reverse principle in a propaganda sense as to the nature of increases in the United States; that is to say, if we have to accept that recent substantial increases in the cost of living in Canada are spasmodic and will, with more production, disappear, then I say the same principle must be in the minds of the members of this committee in relation to the increases in the United States, that they are just as spasmodic and cannot be used against Canadian labour.

Q. Mr. Chairman, I appreciate Mr. Conroy's observation in that connection. Now may I proceed just a little further on that point. Mr. Conroy, do you not feel that if production was maintained at a comparatively normal level—if that was effected in some way—it would go a long way to offset these spasmodic increases? I still insist that they are rather spasmodic. Do you not feel that a relatively normal production would, in a large sense, govern and control the spasmodic effects?—A. It would I think depend upon the competition or monopoly factor of the commodity that is being produced. Where you have a commodity that is being produced under relative monopoly conditions, where competition is at a minimum, there would, I think, be a tendency to maintain prices regardless of the volume of goods and regardless of public demand. But I believe that where there is a substantial degree of competition, I would concede the point that provided there is a surplus of goods in that competitive market, because of a surplus to meet demands, it is quite possible that prices might recede.

Q. That is the point I wanted to bring out.—A. Yes.

Q. I have just one further question, Mr. Chairman. This is rather pointed, Mr. Conroy. Do you not feel and do you not think that it is just a little bit out of line to base your demands for labour in general completely, as you did the other day, on the cost of living index—and it was a very insistent demand. You stated that there had been an increase of 6·2 in the cost of living index. That was your figure. Would it not be possible to consider that it was a bit erratic in the formula that was arrived at, and would it not be reasonable to say that you should not insist upon that total amount being included in any demands that might be required for labour to meet these fluctuating conditions? You were very insistent that practically the total of the increase in cost of living must be added to your original demands. Is it not a little out of line to insist that the whole thing be included in your demands when I think it is conceded by most people and I find over the week-end they all feel there will be a levelling off process? Could you not concede even a portion of that might be more or less deleted from your demands now and some compromise arrived at somewhere? I should like an answer to that question.—A. I will do my very best to give you an honest answer. As I said in my brief no one regrets the situation more than myself. I want you to believe me. I am not talking with my tongue in my jaw

when I make that statement because I could occupy my time like the rest of you to much greater advantage probably in a log cabin up in the Gatineau somewhere, if I had a log cabin, than sitting here arguing about employers. Our position has not been mandatory despite allegations to the contrary that we are making these demands and adopting a hard and fast attitude to hold up employers, to hold up the public and all the rest of it. We know there is a terrific amount of propaganda dedicated against us in that respect, much of it deliberate. What I have been trying to propound here is much more than a temporary solution, important as a temporary solution is to all concerned. I have been trying to propound that our social system, particularly in Canada and the United States, has reached the stage where it is virtually isolated from the rest of the world. The rest of your world is either going Communistic or Socialistic, and we are trying to propound a formula which we hope the masters of our economy will listen to and examine even in their own interests. If they want to safeguard their system, if they want to provide people with the necessities of life to keep them going then I think they should listen to us instead of trying to denounce us from one end of the country to the other.

Q. Mr. Chairman, may I ask — —A. I know this is a long story but I want to answer your question.

Q. I do not want to go into a broad discussion of the matter. My question was prompted by the answers I received from a lot of very common ordinary people who are struggling along just to make a living. They felt that perhaps there could be some compromise on this fluctuating condition between both parties interested. Would you not feel that a compromise might be possible based on your 6·2, and thus arrive at something somewhere, realizing that it is a fluctuating condition?—A. Where do we compromise?

Q. Without going into a long exhortation.—A. I wish we could closet a few of you fellows in a room to listen to some of these observations because you do not seem to want to listen even in your own interests. I will answer your statement if you do not want to listen to me. Because of the continuous warnings of Donald Gordon, Mr. Gordon himself, not me but Mr. Gordon, that your price increases are going to go upwards regardless of the 6·2 figure that we would be accepting now, in the next several months we will still be lagging behind the cost of living, and it would be a compromise in itself.

Q. That is a very fair summary. That is exactly what I wanted so that I can reach my conclusions. There is just one other question which was raised by very dependable opinion among certain people whom I discussed this with trying to arrive at something fundamental. They asked me the reason why there seemed to be a tendency on the part of your congress or other groups to nationalize certain industries across this country when conditions are not ready for such nationalization. They seemed to be at sea as to why that is being stressed and insisted upon at the present moment. Can you answer that briefly?—A. I do not know what you mean by nationalize. There might be some degree of socialism involved in bringing people under the national war labour board. I do not know what you mean.

Q. The idea was that there appeared to be and there is appearing to be in the present steel strife a tendency to nationalize across the country. When there are such diversified effects resulting because of local conditions do you not feel it is a little premature to insist upon it?—A. I do not think it is. Of course, I believe the government would disagree with us on this viewpoint. The fact this committee is sitting here today, and has been for the last three weeks, dealing with the impact and effect of the steel strike, I think of itself and by itself provides the answer to the demands of the steel workers for a national basis for their industry. The impact of the strike is national in scope. True, it will start on a local basis, but it affects the whole nation, and because of that, because of other industries in perhaps a more aggravated or less aggravated status, we

believe that where these disputes affect the nation as a whole—and it is almost automatic—there should be national thinking on these problems. I do not think you can solve them on a decentralized basis.

Mr. LIEFF: I should like to place on the record a statement showing cost of living items at Hamilton, Sault Ste. Marie and Sydney, taken from the June, 1946, issue of the *Labour Gazette*. Copies have been handed around.

Mr. MACINNIS: I wonder if you would allow me to analyse those. I went over the figures given and I have analysed them. I will pass it on to the chairman. There are 38 food items on the list given and of those 38 items Sydney has a higher price than Hamilton or Sault Ste. Marie on 25 items. On 5 items Sault Ste. Marie has a higher price than Hamilton or Sydney. On 4 items Hamilton has a higher price than Sault Ste. Marie or Sydney. Two items are the same in Sydney and Sault Ste. Marie and on 2 items the price for Sydney is not given. Rent is lowest in Sydney and highest in Hamilton. Coal prices are not comparable as there is a different kind of coal used.

(Statement filed as Appendix "B" of to-day's proceedings.)

Honourable Humphrey Mitchell, Minister of Labour, recalled:

Mr. BLACKMORE: I am rather sorry, Mr. Chairman, that under the circumstances it became necessary for your steering committee to decide to hold a camera session this afternoon because I believe there are a number of questions which I should ask the Minister of Labour that will give him a chance to place himself in a more suitable and satisfactory light before the committee than probably he has been able to do thus far. I should like to ask the Minister of Labour a number of questions about each of the following aspects of the case as it has been presented by him and for him in this investigation. I should like to ask him several questions about the right of labour to a living wage, what he thinks about it, and I should like to ask him several questions as to Canada's physical—

The WITNESS: Get down to the question.

By Mr. Blackmore:

Q. I will give you the question in a minute. It is impossible to cover them in the fifteen minutes remaining so I just thought I would give you an outline of the general method of attack or general method of approach, not attack. We are all friends.—A. I think you were right the first time.

Q. I do not intend to attack anybody. I have several questions regarding Canada's physical ability to pay her labourers a living wage. I should like to ask several more questions as to the urgent need of the Canadian economy for more purchasing power, and several questions as to whether an increase of more than 10 cents an hour would unavoidably cause inflation. I challenge the statement. I should like to ask the minister several questions to see whether he would go along after giving consideration to several things. I should like to ask him several more questions on the need of the Canadian economy for more purchasing power in the country if Canada is to avoid deflation or a depression. I should like to ask several questions on this general point: Can the government not apply a more effective method of holding the price line than the one it has thus far applied, perhaps even bring down prices below what they were in the war? Finally, could we not discover some change in our financial and economic system which might help us over the difficulties which, under the present situation, seemed to be simply unsolvable. Now, with that understanding, I would like to commence asking the minister some questions and before I do so may I assure the minister that I personally admire him, and I mean every word of it.

The CHAIRMAN: Order!

By Mr. Blackmore:

Q. I have been here long enough so that the minister will know I mean what I say. I admire him for the courageous manner in which he stood up and faced the gaff. I think he has the most difficult job in the Dominion.—A. You had better tell that to the reporter of the *Montreal Gazette*.

Q. But he has stood right up to it. May I say that the reason why the minister has been tortured during the year is because the minister is attempting to use a system that just cannot succeed, and he is the man who has to take the brunt of it. I wish to put that on the record for the sake of the minister. I think he has done Canada a great service in these trying times. Probably no other man in the Dominion of Canada could have done as well as he has done. That is the attitude with which I approach this whole thing—not with the attitude of attack. I think the minister will remember that in the House of Commons I have never attacked him. Now, first of all, may we consider the statement that the minister made to the committee on August 9? I gathered from that statement the impression that the minister devoted all of his time to giving an account of what the government could not do, and no time to a consideration of what the government could or might be able to do if it tried some other way of going about the problem; and in this respect I gathered that Mr. Mitchell's statement very closely resembled that of Donald Gordon, and of Mr. Abbott and other government speakers. In other words, (and I think this is the hardest thing I will say about the minister) his statement was negative; the position of the government at the present time has been negative before this committee, and not positive.—A. I will start off with money first, John; and I can answer that in a couple of sentences.

Q. Oh, no; the minister could not deal with money to save his life because the minister does not know anything about money.—A. If my good friend wants to know what the minister thinks about money, I can give it to him in about two sentences. I want to obviate a long discussion about money if I can. My basic theory is that if it is not hard to get, it is not money; and, bad money drives out good.

Q. That is true, but I am not going to discuss money either; so the minister did not score there where he thought he would. Can the minister produce any evidence to show that my impression regarding the whole presentation of the government in this inquiry is false? Can he give any statement or point to any remark to show that the government's approach to the labour problem was positive instead of negative?—A. If my honourable friend wants to take the cost of living index, it is obviously a positive approach. I think that was the kernel of the discussion this morning with the previous witness; and I brought this statistical study deliberately because I thought you might ask that question. Let us look at the last war. For food, from 1914 to 1920, the index went from 92·2 to 189·5. Rent was from 72·1 to 100·1. Fuel and light went from 75·1 to 120·2. Clothing went from 88·3 to 211·9. And miscellaneous went from 69·6 to 109·3. That war lasted just over four years. Now in this war, from 1939, food went from 99·3 to 144·2. Rent went from 103·8 in 1939 to 112·6. Fuel and light went from 99 to 107·2. Clothing went from 100·1 to 126·4. Miscellaneous went from 101·3 to 113·7. And home furnishings and services went from 100·9 to 125·1.

Now, my mind again goes back, Mr. Chairman, to the last war when we had that tremendous increase in the cost of living, generally. It was a period more particularly like that we are entering into now. I think you will recall the setting up, by the government of that day, of an instrument called the "Board of Commerce"; the late Mr. O'Connor, who was law clerk of the Senate just prior to his death, was chairman of that board; the Hon. James Murdock was a member, and I forget the name of the other member. And I remember the hue and cry up and down this country about the question of the tremendous increase

in the cost of living. What this government has endeavoured to do, I think, is positive action. It has endeavoured to the best of its ability, through its various agencies, to protect the people of this country, the working people, if you will, and the farmers against that very difficulty that took place after the last war. I think that is positive action.

Q. Well now, I appreciate the minister's answer; but might I observe in a very kindly way, that the government has been fighting a defensive action all the way along; they have been on the defence and still are. Now to proceed: Does the minister believe that the steel workers have the right to a fair share of the goods and services, the real wealth that Canadians are able to produce?—A. I believe that everybody in the Dominion of Canada has a right to a fair share of what I might call the national income; everybody.

Q. Does he believe that the steel worker's share ought to be great enough to provide the Canadian steel worker with the means of enjoying health and decency?—A. On the last part of the question, yes.

Q. May I repeat it; maybe the minister did not hear it. Does he believe that the steel worker's share ought to be great enough to provide the Canadian steel workers with the means of enjoying health and decency?—A. Yes.

Q. Does he believe that \$1,750 a year is more than enough to provide the worker with the means of enjoying health and decency?—A. I would like to see it a good deal more than that; if that is what you want.

Q. Does he believe that \$1,750 is more than enough? I remember Mr. McIvor yesterday gave a fine and eloquent speech as he frequently does. He said: I believe that the worker is entitled to a living wage. Now, what is a living wage? Does the minister think that \$1,750 is a living wage or more than a living wage?—A. I believe that the steel workers should have just as high a wage as the economy of this country can bear.

By Mr. Smith:

Q. Would you include the preachers?—A. They, too.

By Mr. Blackmore:

Q. That is a noble remark for the minister to make; it does him honour. Now, in the light of the facts as shown at page 9 of the Bank of Canada Report for 1946— —A. John, if you are going to talk about money, I am getting down under the table.

Q. I am not going to talk about money.—A. I have told you what my basic ideas are about money; but if you are going into money, I will get down under the table and you will have to talk to me under the table.

Q. I am not going to talk about money and I am not going to talk about anybody but the minister's own orthodox men in Canada. Now, in the light of the fact that, as shown on page 9 of the Bank of Canada's Report for 1946, Canada produced 11·8 billion dollars worth of goods and services in 1944 and 11·4 billion dollars worth of goods and services in 1945, would the minister doubt that it ought to be possible for Canada to produce \$11 billion worth of goods and services in each of the post-war years?—A. I see no reason why we should not.

Q. Neither do I.—A. Provided we keep our feet on the ground.

Q. That applies both ways too. Considering the fact that Canada will have home for the post-war years 1,500,000 of fine potential producers who, in 1945 and 1946 were engaged in war, would the minister have any grounds for doubting Canada's ability to produce, each year, \$11 billion worth of goods and services?—A. I have never doubted; I am not a prophet of gloom like many people. When the war was over, when I eliminated the Selective Service controls, I was convinced in my own mind that, in a big way, that these people would find their way in life in the employment stream; and I think that view has been vindicated.

Q. The minister realizes, does he not, that \$11 billion worth of goods and services a year divided among Canada's 12,000,000 people would provide every man, woman and child in Canada with \$916 worth of goods and services a year.
—A. I do not know; you have done the figuring, John, and I have not.

The CHAIRMAN: I am sorry to interrupt, but it is now one o'clock. The committee will adjourn until 3.30 this afternoon in camera.

Mr. BLACKMORE: Do we go on with the minister this afternoon?

The CHAIRMAN: No, because the meeting will be in camera and the steering committee so reported, and its report was accepted.

Mr. BLACKMORE: When can the minister go on?

The CHAIRMAN: We are through with the hearing of witnesses; that is the decision of the subcommittee.

The committee adjourned at 1.00 o'clock p.m. to meet again to-day at 3.30 o'clock p.m. in camera.

APPENDIX A

DOMINION BUREAU OF STATISTICS INDEX NUMBERS OF THE COST OF LIVING IN CANADA
Prices as at the Beginning of each Month

	Adjusted to base 100.0 for August 1939	On base of average prices in 1935-39 as 100*							Retail Prices Index (Com- modities only)†
		Total	Food	Rent	Fuel and Light	Clothing	Home Furnish- ings and Services	Miscel- laneous	
1913.....		79.1	89.1	74.3	77.1	87.4		69.6	
1914.....		79.7	92.2	72.1	75.1	88.3		69.6	
1915.....		80.7	93.7	69.8	73.8	96.4		70.0	
1916.....		87.0	103.9	70.6	75.4	109.8		74.1	
1917.....		102.4	134.3	75.8	83.8	129.1		80.7	
1918.....		115.6	154.2	80.0	92.6	151.0		90.3	
1919.....		126.5	164.8	87.3	100.7	173.6		100.0	
1920.....		145.4	189.5	100.1	120.2	211.9		109.3	
1921.....		129.9	145.5	109.4	128.1	172.0		111.4	
1922.....		120.4	123.3	114.0	122.7	145.7		111.4	
1926.....		121.8	133.3	115.9	116.8	139.1		106.1	
1927.....		119.9	130.8	114.5	114.4	135.6		105.1	
1928.....		120.5	131.5	117.3	113.2	135.5		104.8	
1929.....		121.7	134.7	119.7	112.6	134.8		105.0	
1934.....		95.6	92.7	93.1	102.1	97.1		97.8	
1935.....		96.2	94.6	94.0	100.9	97.6	95.4	98.7	95.9
1936.....		98.1	97.8	96.1	101.5	99.3	97.2	99.1	98.1
1937.....		101.2	103.2	99.7	98.9	101.4	101.5	100.1	102.0
1938.....		102.2	103.8	103.1	97.7	100.9	102.4	101.2	102.8
1939									
August 1.....	100.0	100.8	99.3	103.8	99.0	100.1	100.9	101.3	100.0
September 1.....	100.0	100.8	99.4	103.8	98.9	99.6	100.8	101.3	100.0
October 2.....	102.7	103.5	106.3	104.4	104.4	99.6	101.0	101.7	103.8
December 1.....	103.0	103.8	104.7	104.4	105.4	103.3	104.1	102.0	104.3
Year.....	100.7	101.5	100.6	103.8	101.2	100.7	101.4	101.4	101.0
1940									
January 2.....	103.0	103.8	104.5	104.4	105.5	103.3	104.3	101.8	104.2
April 1.....	103.8	104.6	104.8	104.4	105.9	107.8	106.1	101.8	105.5
July 2.....	104.8	105.6	105.3	106.9	107.9	109.1	106.9	102.2	106.4
October 1.....	106.6	107.0	106.1	107.7	108.0	113.5	109.7	102.8	108.4
Year.....	104.8	105.6	105.6	106.3	107.1	109.2	107.2	102.3	106.6
1941									
January 2.....	107.4	108.3	109.7	107.7	108.6	113.7	110.8	103.1	110.4
April 1.....	107.7	108.6	110.1	107.7	108.9	114.3	111.7	102.9	110.7
July 2.....	111.0	111.9	116.6	109.7	110.5	115.1	113.0	105.6	114.9
October 1.....	114.6	115.5	123.2	111.2	112.1	119.6	117.3	106.5	120.1
December 1.....	114.9	115.8	123.8	111.2	112.7	119.9	117.9	106.7	120.6
Year.....	110.8	111.7	116.1	109.4	110.3	116.1	113.8	105.1	114.9
1942									
January 2.....	114.5	115.4	122.3	111.2	112.9	119.9	118.0	106.8	119.9
April 1.....	115.0	115.9	123.7	111.2	112.9	119.8	118.1	107.1	120.6
July 2.....	117.0	117.9	130.3	111.3	112.5	120.0	117.9	107.1	123.9
October 1.....	116.9	117.8	129.8	111.3	112.8	120.1	117.8	107.1	123.7
Year.....	116.1	117.0	127.2	111.3	112.8	120.0	117.9	107.1	122.4
1943									
January 2.....	116.2	117.1	127.3	111.3	112.8	120.2	117.8	107.5	122.5
April 1.....	116.7	117.6	128.7	111.3	112.7	120.2	117.8	107.7	123.2
July 2.....	117.9	118.8	131.8	111.5	113.4	120.5	117.8	108.2	125.1
October 1.....	118.4	119.3	132.9	111.9	113.3	121.1	118.2	108.3	125.8
Year.....	117.5	118.4	130.7	111.5	112.9	120.5	118.0	108.0	124.5
1944									
January 3.....	118.1	119.0	131.5	111.9	112.7	121.1	118.4	108.9	125.3
April 1.....	118.2	119.1	131.5	111.9	113.0	121.4	118.4	109.0	125.4
July 3.....	118.1	119.0	132.0	111.9	108.9	121.5	118.3	109.0	125.6
October 2.....	117.7	118.6	130.8	112.0	108.7	121.6	118.4	108.9	124.9
Year.....	118.0	118.9	131.3	111.9	110.6	121.5	118.4	108.9	125.2
1945									
January 2.....	117.7	118.6	130.2	112.0	109.1	121.8	118.3	109.2	124.6
April 2.....	117.8	118.7	131.0	112.0	106.7	121.8	118.5	109.2	125.1
July 3.....	119.3	120.3	135.6	112.1	106.5	122.2	119.2	109.4	127.6
October 1.....	118.8	119.7	133.3	112.3	106.7	122.4	119.4	109.6	126.5
November 1.....	118.9	119.9	134.0	112.3	106.6	122.5	119.4	109.6	126.8
December 1.....	119.1	120.1	134.3	112.3	107.1	122.5	119.5	109.6	127.0
Year.....	118.6	119.5	133.0	112.1	107.0	122.1	119.0	109.4	126.2
1946									
January 2.....	118.9	119.9	132.8	112.3	107.1	122.6	119.5	110.9	126.3
February 1.....	118.9	119.9	132.5	112.3	107.1	122.7	120.1	110.9	126.2
March 1.....	119.1	120.1	133.1	112.3	107.2	123.1	120.4	110.9	126.7
April 1.....	119.8	120.8	135.1	112.3	107.2	123.2	120.7	111.0	127.8
May 1.....	121.0	122.0	137.7	112.6	107.2	123.7	122.1	111.5	129.5
June 1.....	122.6	123.6	142.1	112.6	107.2	124.3	122.4	112.1	
July 1.....	124.1	125.1	144.2	112.6	107.2	126.4	125.1	113.7	

* Indexes prior to 1926 have been recalculated, resulting in revisions from figures previously published. Typographical errors in 1945 averages and in rent indexes for 1941 and 1944 have also been corrected.

† Commodities in the cost-of-living excluding rents and services.

APPENDIX B

COST OF LIVING ITEMS, HAMILTON, SAULT STE. MARIE AND SYDNEY,
TAKEN FROM THE JUNE 1946 ISSUE OF THE LABOUR GAZETTE

Item	Hamilton	Sault Ste. Marie	Sydney
	cts.	cts.	cts.
Beef			
Sirloin steak, per lb.....	44.0	43.2	48.3
Round steak, per lb.....	40.6	40.0	43.4
Rib roast, prime rolled, per lb.....	41.7	39.4	36.4
Blade roast, per lb.....	25.5	26.6	29.7
Stewing, per lb.....	22.7	22.1	24.3
Veal, boneless fronts, per lb.....	29.9		
Lamb, leg roast, per lb.....	44.6	42.5	47.3
Pork			
Fresh loins, per lb.....	43.3	41.0	44.7
Fresh shoulder, per lb.....	31.9	33.0	32.7
Bacon, side, med., sliced, per lb.....	52.9	50.6	50.5
Lard, pure, per lb. package.....	19.5	19.1	20.3
Shortening, vegetable, per lb. pack.....	19.3	19.2	20.1
Eggs, grade "A" med. or large, doz.....	43.5	45.2	48.5
Milk, per quart.....	11.0	11.0	12.0
Butter, creamery, prints, per lb.....	45.5	44.3	47.1
Cheese, Canadian, mild, per lb.....	37.8	33.6	37.2
Bread, plain, white, per lb.....	6.0	6.7	7.3
Flour, first grade, per lb.....	4.2	4.0	4.6
Rolled oats, bulk, per lb.....	5.5	5.7	5.7
Corn flakes, 8 oz. package.....	8.8	8.9	9.9
Canned Vegetables			
Tomatoes, choice, 2½'s (28 oz) tin.....	13.6	14.7	
Peas, choice, per 20 oz. tin.....	13.9	14.7	15.0
Corn, choice, per 20 oz. tin.....	14.4	15.0	14.9
Beans, common, dry white, per lb.....	6.3	6.2	6.8
Onions, cooking, per lb.....	7.3	7.4	7.2
Potatoes per 15 lbs.....	52.5	55.0	53.5
Prunes, medium size, per lb.....	16.2	15.9	16.5
Raisins, seedless, bulk, per lb.....	18.5		20.7
Oranges, medium size, per doz.....	47.6	43.8	51.0
Lemons, medium size, per doz.....	46.0	46.7	57.6
Jam, strawberry, per 32 oz. jar.....	40.5	40.0	42.6
Peaches, choice, per 20 oz. tin.....	19.4		21.3
Marmalade, orange, per 32 oz. jar.....	34.1	34.8	38.3
Corn syrup, per 2 lb. tin.....	25.9	26.6	28.9
Sugar			
Granulated, per lb.....	8.1	8.6	8.6
Yellow, per lb.....	8.1	8.6	8.4
Coffee, medium, per lb.....	42.7	40.9	49.7
Tea, black, medium, ½ lb. package.....	39.2	39.0	37.8
Coal			
Anthracite, per ton.....	\$15.50	\$17.00	
Bituminous, per ton.....			\$7.08
Rent	\$26.50—	\$23.00—	\$18.00—
	30.50	27.00	22.00

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SESSION 1946
HOUSE OF COMMONS

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS

No. 21

INCLUDING REPORT TO THE HOUSE


WEDNESDAY, AUGUST 14, 1946

THURSDAY, AUGUST 15, 1946

FRIDAY, AUGUST 16, 1946

SATURDAY, AUGUST 17, 1946

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



SUPPLEMENTARY ORDER OF REFERENCE

TUESDAY, 13th August, 1946.

Ordered,—That the name of Mr. Raymond (*Wright*) be substituted for that of Mr. Lapalme on the said Committee.

ATTEST:

R. T. GRAHAM,
Deputy Clerk of the House.

REPORT OF THE HOUSE

SATURDAY, 17th August, 1946.

The Standing Committee on Industrial Relations begs leave to present the following as a

SECOND REPORT

Pursuant to the following Order of Reference dated 16th July, 1946, namely,—

That the said Committee be directed and empowered to investigate, immediately, all issues connected with and appertaining to the present industrial unrest in Canada, with power to call and examine witnesses under oath, and with power to call for persons, papers and records and take all essential evidence, and to report their findings and conclusions to the House;

And that the said Committee be empowered to sit while the House is sitting, and that the said Committee be further empowered to employ counsel to assist them in their deliberation, your Committee immediately commenced its sittings, and held 48 meetings as the exigencies of the session permitted.

It was apparent to your Committee that the present industrial unrest in Canada creates a condition of emergency necessitating the immediate investigation of all issues connected with and appertaining thereto.

An opportunity was thus afforded for the first time for labour and management to present to a committee of Parliament such statements as the terms of your Order of Reference required and such are on record.

In addition your Committee heard evidence from responsible officials of the Wartime Prices and Trade Board, the National War Labour Board and the Minister and other officials of the Department of Labour, as well as the acting Minister of Finance.

The following witnesses testified before the Committee, namely,—

C. H. Millard, Canadian National Director, United Steelworkers of America.
H. G. Hilton, President, The Steel Company of Canada Limited, Hamilton, Ontario.

Gordon MacMillan, Director, Algoma Steel Corporation Limited, Sault Ste. Marie, Ontario.

Clement Anson, General Manager, Sydney Steel Plant Division, Dominion Steel & Coal Corporation, Sydney, Nova Scotia.

The Honourable Mr. Justice W. D. Roach,

Donald Gordon, Chairman, Wartime Prices and Trade Board, Ottawa, Ontario.

C. A. L. Murchison, Alternate Chairman, National War Labour Board, Ottawa, Ontario.

Arthur MacNamara, Deputy Minister of Labour, Ottawa, Ontario.

A. J. Brown, Vice-Chairman, Wartime Labour Relations Board, Ottawa, Ontario.

Honourable D. C. Abbott, Acting Minister of Finance, Ottawa, Ontario.

Mr. Pat Conroy, Chairman of the Wage Coordinating Committee of the Canadian Congress of Labour.

Honourable Humphrey Mitchell, Minister of Labour, Ottawa, Ontario.
 Joseph MacKenzie, United Rubber Workers of America.
 M. M. MacLean, Director of Industrial Relations, Department of Labour,
 Ottawa, Ontario.
 George Burt, Director, Region 7 (UAW-CIO), Windsor, Ontario.
 C. S. Jackson, Canadian President, United Electrical Workers of America,
 Toronto, Ontario.

This is the first time that all these points of view could be placed before a committee of Parliament and the Canadian people.

The Committee appointed L. W. Brockington, K.C., as mediator to discuss their respective points of view with the companies and the union. Mr. Brockington reported that while he had succeeded in meeting with the parties jointly and while further offers were made by the parties nevertheless a settlement of the steel strike was not effected.

Your Committee, in the light of the evidence heard makes the following recommendations:—

1. (a) That the proposed Dominion-Provincial Labour Conference be called at the earliest possible moment to draft a Labour Code within the limits of the Canadian Constitution and with a view to establishing machinery for the prevention of dislocations in Industry;
- (b) That in the interval much closer contact be established between the Wartime Prices and Trade Board and the Regional and National War Labour Boards.
- (c) That matters coming before the Regional and National War Labour Boards be handled expeditiously.

2. Your Committee is convinced that continued price control is only possible with a reasonable measure of wage control.

3. Your Committee recommends that a measure of union security should follow certification.

4. Law being the basis of our society, your Committee condemns:—

- (a) the policy adopted by some unions and some employers of disregarding the legal machinery provided for adjusting wages and settling disputes;
- (b) breaches of the law of Canada by the use of physical force or otherwise either by employer or Union.

5. Your Committee recommends that the law of picketing be studied with a view to its modernization and clarification and for the purpose of making it more effective for the protection of the rights of all elements in the community.

6. Your Committee recommends that the Minister of Labour may, at the request of either party to an industrial dispute, and if he deems fit, either before or after a strike is in progress, direct that a strike vote be taken under Government supervision, to determine the wishes of the men affected as to whether a strike will take place or otherwise.

7. Your Committee recommends that the controllers appointed by Order in Council P.C. 2901 be instructed to implement the terms of such Order with such modifications as the Government may determine.

A copy of the minutes of proceedings and evidence taken before your Committee as well as the exhibits filed is appended.

All of which is respectfully submitted.

MAURICE LALONDE,
Chairman.

MINUTES OF PROCEEDINGS

WEDNESDAY, 14th August, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m., in camera. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lockhart, Merritt, MacInnis, McIvor, Mitchell, Raymond (*Wright*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

The Chairman stated that Mr. Brockington could not attend to-day, but hoped to make a report to the Committee to-morrow.

The Committee made a preliminary survey of the subject-matters that may be incorporated in a report to the House.

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m. this day.

The Committee resumed at 3.30 o'clock p.m., in camera. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lockhart, Merritt, MacInnis, McIvor, Mitchell, Raymond (*Wright*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

The Committee discussed suggested paragraphs for inclusion in a report to be made to the House.

The Committee adjourned at 5.45 o'clock p.m. until Thursday, August 15, at 3.30 o'clock p.m.

THURSDAY, 15th August, 1946.

The Standing Committee on Industrial Relations met at 3.30 o'clock p.m., in camera. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lockhart, Maybank, Merritt, MacInnis, McIvor, Mitchell, Raymond (*Wright*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

Mr. Donald Gordon sent a copy of a letter, dated August 13, 1946, received by him from Mr. G. B. Gordon, Dominion Textile Company Limited, Montreal. (See Appendix A.)

Mr. L. W. Brockington was called.

By unanimous consent it was decided to admit Mr. A. MacNamara, Deputy Minister of Labour, Ottawa, to assist Mr. Brockington, if necessary, in supplying answers to certain matters.

Mr. Brockington outlined the steps he had taken in an effort to settle the steel strike. He read and filed (a) a letter received from Mr. Millard, (b) a memorandum received from Mr. Hilton, and (c) a memorandum he sent to both parties containing a suggested basis for settlement. Mr. Brockington was questioned and thanked.

The Committee adjourned at 5.45 o'clock p.m. until Friday, August 16, at 11.30 o'clock a.m.

FRIDAY, 16th August, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m., in camera. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Bentley, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Cote, (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, McIvor, Mitchell, Raymond (*Beauharnois-Laprairie*), Raymond (*Wright*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

The Chairman announced that he received permission last evening from Messrs. Millard and Hilton to publish the letters they sent to Mr. Brockington, produced and read to the Committee yesterday by Mr. Brockington.

On motion of Mr. Croll,—

Ordered,—That each Committee member be supplied with a copy of the Millard and Hilton letters, and with a copy of Mr. Brockington's proposals for settlement of the steel strike.

The Committee proceeded to the consideration of eight items suggested by the Subcommittee on Agenda for incorporation in a report to the House.

Mr. Blackmore moved,—That this Committee considers Mr. Millard's wage offer submitted to Mr. Brockington to be fair and reasonable.

After discussion, and by leave, Mr. Blackmore withdrew his motion.

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m., this day.

The Committee resumed at 3.30 o'clock p.m., in camera. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Bentley, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, McIvor, Mitchell, Raymond (*Beauharnois-Laprairie*), Raymond (*Wright*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

The Committee decided to incorporate in the printed record the statement given to the press last evening by the Chairman respecting the attempted settlement of the steel dispute. (*See Appendix B.*)

A letter dated August 14, 1946, received by the Chairman from the Canadian Federation of Agriculture, was read. (*See Appendix C.*)

The Committee resumed consideration of suggested paragraphs submitted by the Subcommittee on Agenda for incorporation in a report to be made to the House.

On motion of Mr. Gillis, and subject to redrafting by the Subcommittee on Agenda,—

Resolved,—That the Government make effective such Controllerships as exist in connection with the current dispute with such modifications of order in council appointing the Controllers as the Government may determine as a result of developments in dispute to date.

Mr. Smith moved,—That inasmuch as it is obvious that no agreement as to wage ceilings can be negotiated or recommended without a clear statement as to a ceiling on wages, therefore, be it resolved that the Government be requested to make a clear declaration of that policy.

And the question being put it was resolved in the negative.

The Committee adjourned at 5.10 o'clock p.m., to 8.30 o'clock p.m., this day.

The Committee resumed at 8.30 o'clock p.m., in camera. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Bentley, Black (*Cumberland*), Blackmore, Bourget, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, McIvor, Mitchell, Raymond (*Wright*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

The Chairman, reporting from the Subcommittee on Agenda, stated that a redraft had been made of the motion of Mr. Gillis adopted at this afternoon's sitting.

The Chairman presented a draft report as a basis for discussion. The said draft report was considered and amended, and adopted tentatively, as amended.

The Committee adjourned at 11.00 o'clock p.m., until Saturday, August 17, at 11.30 o'clock a.m.

SATURDAY, 17th August, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m., in camera. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Bentley, Black (*Cumberland*), Blackmore, Case, Charlton, Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, McIvor, Mitchell, Raymond (*Wright*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Lieff, of Counsel for the Committee.

A draft report containing all paragraphs tentatively decided upon to date was presented for approval.

The said draft report was considered, amended, and adopted as amended.

The draft report, as amended, was adopted.

*Ordered,—*To report to the House.

The Committee adjourned to meet at the call of the chair.

JOHN T. DUN,
Clerk of the Committee.

APPENDIX A

(See Minutes of Proceedings of 15th August, 1946)

CANADA

THE WARTIME PRICES AND TRADE BOARD

OTTAWA, Ontario,

August 15th, 1946.

J. T. DUN, Esq.,
Secretary,
Industrial Relations Committee,
House of Commons,
Ottawa.

Dear Mr. DUN,—I enclose a copy of a letter received by me from the Dominion Textile Company Limited, which is self-explanatory. In the interests of accuracy I should be most grateful if the record could be amended as requested by Mr. Gordon.

Your sincerely,

D. GORDON,
Chairman.

Enclosure.

DOMINION TEXTILE COMPANY LIMITED

MONTREAL

AUGUST 13th, 1946.

Donald GORDON, Esq.,
Chairman,
Wartime Prices & Trade Board,
490 Sussex Street,
Ottawa.

Dear Mr. GORDON,—In going through the evidence which you gave before the Standing Committee on Industrial Relations, I note that you submitted copy of a letter which you wrote to Mr. Arthur MacNamara, Deputy Minister of Labour, on July 16th, 1946. Attached to that letter was a series of Schedules, and Schedule "B" dealt with textiles. Amongst the textile mills listed as being on strike is "Dominion Textile Mills, St. Ann's, P.Q.". I must inform you that this plant was not included in those affected by strikes amongst our Montreal mills and, in the interests of a proper record, Schedule "B", as submitted to Mr. MacNamara and as filed with the Standing Committee on Industrial Relations, should be corrected through striking out the name of Dominion Textile Mills, St. Ann's, P.Q.

I will be greatly obliged if you will arrange to have this matter given proper attention.

Yours very truly,

(Sgd.) G. B. GORDON.

APPENDIX B

Statement given to the Press by the Chairman of the Committee on 16th August, 1946.

Mr. Brockington, mediator appointed by the government at the suggestion of the Industrial Relations Committee, has made a report to the Committee this afternoon.

He told the Committee that he has met several times the parties concerned both jointly and individually.

Yesterday, he received from Mr. C. H. Millard, of the Steel Workers' Union the following letter:

OTTAWA, August 14, 1946.

L. W. BROCKINGTON, ESQ., K.C.,
Ottawa.

Dear Mr. BROCKINGTON; In our conversations during the past week, and particularly yesterday, it has been suggested that some of the issues in the steel strike might be referred to arbitration.

As stated on several occasions, we are deeply conscious that the public interest demands an early settlement of the strike and the resumption of production. To that end we are willing to co-operate in arbitrating all but three outstanding issues.

As requested, we are writing this letter to indicate how far we could go in referring most issues to arbitration, on the understanding of course that all parties, including the government, agree to abide by the result, and to implement the result for the current contract year ending April 22, 1947.

We would be prepared to recommend to our National Advisory Committee and our membership, if acceptable to the Government and the Steel Companies, the following terms of settlement:—

1. Removal of the Sydney 5-cent differential.
2. A general wage increase of 10 cents an hour (retroactive to April 1, 1946) in the primary steel plants and fabricating plants of the three companies.
3. Adjustments totalling $5\frac{1}{2}$ cents an hour to compensate for increases in the in the cost of living from April 1 to July 1, such adjustments to be payable within the calendar year.
4. Arbitration, to be completed by October 1, 1946, of the remaining issues:—
 - (a). The date to which the removal of the Sydney differential should be made retroactive.
 - (b). The dates upon which the deferred adjustments totalling $5\frac{1}{2}$ cents should become payable.
 - (c) Compensation for further increases in the cost of living on the basis of 1 cent per hour per point.
 - (d) Hours of work and overtime.
 - (e) Pay for statutory holidays.
 - (f) Vacations with pay.
 - (g) A union security formula applicable to all plants.

In the event that these terms of settlement are acceptable to all parties, we propose that the arbitrators be yourself and two others to be selected by the Industrial Relations Committee of the House of Commons from a panel recommended by you.

Yours truly,

(Signed) C. H. MILLARD,

He also received from Mr. Hilton, of the Steel Company of Canada, the following memorandum:—

MEMORANDUM OF PROPOSALS FOR SETTLEMENT OF STRIKE
AGAINST HAMILTON WORKS

August 13, 1946.

1. A vote shall be taken as soon as arrangements can be made among all employees eligible for the bargaining unit of Hamilton Works as to whether they are in favour of accepting the Company's offer viz.,—

(a) *Wages*—An advance of 10 cents per hour across the board effective April 1, 1946.

(b) *Vacations*—One week after one year; two weeks after five years; Three weeks after twenty-five years.

To be effective over the balance of 1946 if practical without curtailment of production. It may be necessary in certain cases to give vacation pay in part in lieu of time off for two and three week vacations, and this will be done insofar as it is necessary and legally possible.

(c) *Statutory Holidays*—Time and one-half will be paid for work performed on six holidays per year, namely, New Year's Day, May 24, Dominion Day, Labour Day, Thanksgiving Day and Christmas Day.

There shall be two polling places—one in the plant for those working and the other in rented premises on King Street West in the down-town section for those not working.

The ballot is to be secret and adequately supervised by the Department of Labour.

The polls should be open three days to give those who may have taken temporary employment outside the city an opportunity to vote.

If a majority or those entitled to vote indicate acceptance of the Company's offer, the picket lines are to be withdrawn immediately and the union will order all members back to work at once.

2. In any contract or agreement which may be entered into it will be provided that wages will be subject to any direction of the Regional War Labour Board or the National War Labour Board on any appeal thereto which may be made during the life of such agreement and wages will also be subject to any general order affecting the Company in respect to wages which may be made under their respective authority by the Regional War Labour Board, the National War Labour Board or the Government of Canada.

3. *Union Security*—Within fourteen days of a return to work, there shall be a secret ballot supervised by the Department of Labour, as to whether or not employees desire a voluntary irrevocable check-off of union dues during the life of the contract. If a majority of those eligible for the bargaining unit at Hamilton Works vote in favour of such a check-off, the Company will make arrangements to put it into effect commencing the month following the vote. If there is no such majority, the Company will not collect union dues.

In the event of a vote favourable to the check-off, each employee desiring that his union dues be deducted by the Company from his pay shall sign an authorization to that effect in the presence of the Company's timekeeper.

There shall be no propaganda or influence brought to bear by the Company or the union for or against such a check-off during the period before the election.

The vote shall be taken on the Company's premises at such time or times as to facilitate voting by all employees.

4. There shall be no strike during the life of any agreement which may be reached.

(Signed) H. G. HILTON.

Later on, Mr. Brockington submitted to both parties the following proposals:

PROPOSAL OF MR. BROCKINGTON FOR THE SETTLEMENT OF THE STEEL STRIKE

1. Immediate return to work of employees.

2. No discrimination by companies or union against strikers or non-strikers.

3. A no-strike clause to be included in the new agreement.

4. Fullest co-operation of the union in raising production.

5. *Wages—*

Ten cents per hour increase retroactive to April 1, 1946.

6. *Statutory Holidays and Annual Vacations With Pay—*

Six statutory holidays with pay at time and one-half if worked.

One week's vacation after one year's service; two weeks after five years' service; three weeks after twenty-five years' service—all effective this year.

(Pay to be substituted for holidays over one week if work and production make this necessary for purposes of production efficiency.)

7. In the case of Stelco a secret vote of all employees supervised by Dominion Department of Labour shall be immediately taken on the question of irrevocable check-off of dues for union members during the bargaining period.

8. The undermentioned matters shall be submitted for arbitration by a board of three to be immediately appointed from a panel suggested by the present conciliator. The said Board shall be given the powers of a Regional War Labour Board in respect to wages and conditions of employment under the Wartime Wages and Control Order, 1943, P.C. 9384, and notwithstanding anything in the said Order the decision of the said Board shall be final. The matters to be determined shall be:—

(a) Any readjustment of wages during the balance of period of collective agreement.

(b) Form of union security in Algoma and Dosco.

(c) Sydney differential.

(d) Hours of labour.

9. The ruling of the said Board will be accepted by both parties.

10. In considering wages the arbitrators shall take into account the following factors, not however excluding in any way any submission on other material factors advanced by either party:—

- (a) Advances in the cost of living.
- (b) State of steel production.
- (c) Price control in general and in particular as applied or applicable to the steel industry.
- (d) Patterns of wages and conditions applied to other comparable industries.

11. In so far as the Government's intervention is necessary to make the settlement effective in Algoma and Dosco the Government is to take all possible measures for this purpose."

In making his report to the Industrial Relations Committee, Mr. Brockington clearly indicated that it was a compromise proposal and it must not be accepted as his judgment on the merits of the dispute. It was not made with government authorization and it was understood that some portions of it were subject to government approval and assistance.

This morning, he met for the last time with the parties concerned and he reported to our Committee that they could not come to any definite agreement.

Mr. Brockington has done a wonderful job in the interest of the parties concerned and more particularly in the interest of Canada.

If the circumstances are such that his services are needed in a near future, he keeps himself at the disposal of our Committee.

Our Committee will continue its work to draft a report to the House of Commons in due time.

MAURICE LALONDE,
Chairman.

August 15, 1946.

APPENDIX C

(See Minutes of Proceedings of 16th August, 1946)

THE CANADIAN FEDERATION OF AGRICULTURE

HEAD OFFICE:

165 Sparks St., Ottawa, Canada.

AUGUST 14, 1946.

MAURICE LALONDE, M.P.,
Chairman,
House of Commons Committee
on Industrial Relations,
Parliament Buildings,
Ottawa, Ontario.

Dear SIR,—The report of hearings which your Committee has conducted into industrial relations prompts us to suggest that there has been no assembling nor appraisal of facts and information on which the decisions of such a Committee ought to rest. No doubt you and members of your Committee feel this very keenly.

It seems to us that hope for a solution of the present industrial unrest with its consequent disruption of a large part of our economy will depend upon the nation's ability to establish and maintain an equitable balance between the level of returns due the farmer, the wage earner, and management and capital.

How can we expect to arrive at fair and just decisions in industrial disputes or in Government action if we have no over-all picture of the returns now received by the various major groups in the nation, and if we have no recognized principle or formula to guide us in making such decisions?

We believe that the first step in facing up to this situation would be the appointment of a Royal Commission which would survey the division of the national income as indicated by the levels of farm prices, industrial wages and corporation profits, and make recommendations for adjustment of balance where necessary, and submit a charter of economic rights which would commend itself to the people generally, and thereafter serve as the basis for necessary action in the preservation of industrial peace and the maintenance of an equitable economic balance among all groups.

In case your Committee feels that neither the facts at your disposal, not the time available, permit you to complete a task so far-reaching in its scope, we respectfully suggest that your recommendation for a Royal Commission to carry forward the work already gotten under way by the Committee, would be an appropriate and statesmanlike feature of your report to the Government.

Yours sincerely,

H. H. HANNAM,
President and Managing-Director.

